



RESIDUAL FUNDS FROM SPONSORED PROJECTS PROCEDURE

PURPOSE

It is rare that a federal agency will allow an institution to retain residual funds from a sponsored project. On occasion, non-federal and private (industry) sponsors will allow the institution to retain residual funds when a project has ended, all required deliverables have been submitted, and there are no outstanding items remaining open or in question with the sponsor.

The Office of Sponsored Projects (OSP) will determine residual fund balances and work with the Principal Investigator/Project Director (PI/PD) to ensure all operational costs are allowable, allocable, and have been charged to the sponsored project account. Operational costs are expenses necessary to conduct the project and can include labor (salaries and wages), materials, service fees, etc. Outstanding facilities and administrative costs due to the institution must be charged to the project as well as any other fees deemed allowable and allocable.

I. CALCULATION AND DISTRIBUTION

A. Sponsored project award funds and expenses are classified into two categories:

- direct costs
- facilities and administrative (F&A) (indirect) costs

The following will be applied to determine and distribute residual funds as described in the CSUSM Corporation Residual Funds from Sponsored Projects Policy:

B. The IDC costs will be calculated as the greater of the following:

- the approved IDC rate for the project
- the previous year's CSUSM Corporation effective cost rate

The calculated IDC will be applied to the total award amount and will be transferred back to the Corporation general IDC account, then distributed separately in accordance with standard process with the CSUSM Corporation [Policy on the Allocation of Facilities and Administrative Costs \(Indirect Costs\)](#).

This ensures institutional overhead allowances and other recoverable funded monies are received.

C. Any remaining direct funds after I.A.1 are considered residual funds.

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- D. The PI/PD may request to transfer residual funds to a CSUSM Corporation IDC Campus Program Project by completing and submitting to OSP a Residual Funds from Sponsored Projects Closeout Certification form.
- E. OSP will prepare Financial Transfer Request forms to charge the remaining budgeted IDC to the project and distribute residual funds according to the CSUSM Corporation Residual Funds from Sponsored Projects Policy.
 - 1) Where a project designates multiple PI/PDs from different departments/organizations, the contact/primary PI/PD on the award notice or agreement may choose to allocate a portion of the residual funds to the other PI/PDs' IDC Campus Program Project. There is no standard distribution schedule in multiple PI/PD cases. The contact/primary PI/PD should consult with their Department Chair before initiating such allocation.
 - 2) When residual funds are distributed to the PI/PD's IDC Campus Program Project, the PI/PD will manage the allocation of residual funds and approve expenditures on the account.

II. IDC CAMPUS PROGRAM PROJECTS

A. In the event that:

- 1) all financial obligations of the project were not fully identified before funds were transferred to the IDC Campus Program Project, unpaid financial obligations incurred by the project must be paid out of the IDC Campus Program Project.
- 2) a PI/PD separates from CSUSM Corporation or CSUSM (either voluntarily or involuntarily), the funds in the IDC Campus Program Project will remain at CSUSM Corporation to further research purposes.

B. Large residual fund balances (exceeding 10% of the total award revenue) will require:

- 1) a review by OSP to ensure that all costs have been charged to the award.
- 2) a written statement from the PI/PD providing the reason for the large amount of residual funds remaining.
- 3) appropriate documentation provided by the PI/PD indicating that the objectives of the award have been satisfied.

III. ROLES AND RESPONSIBILITIES

Principal Investigator/Project Director

During the project period, identify potential residual funds and ensure all project expenditures have posted to the project correctly. Ensure all terms and conditions are met and all deliverables are complete and submitted. Monitor project financials. Contact OSP to discuss potential residual funds and if it is reportable or should be returned to the sponsor. Comply with sponsor requirements and CSUSM Corporation Residual Funds from Sponsored Projects Policy, [Closeout Procedures](#), [Cost Principles Policy](#) and [Procedure](#), and any other applicable

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CSUSM Corporation policies and procedures.

Office of Sponsored Projects: Provide support to the PI/PD regarding policies governing the use of residual funds from sponsored projects. Determine whether residual funds are reportable and if they should be returned to the sponsor. Ensure sponsor has paid CSUSM Corporation in full. Ensure the appropriate amount of facilities and administrative (IDC) costs have been recovered. Process Financial Transfer Request forms to charge the project any remaining budgeted facilities and administrative (IDC) costs and transfer direct costs to the appropriate IDC Campus Program Project.

Business Services and Finance: Responsible for providing administrative support for IDC Campus Program Projects. Create and maintain the IDC Campus Program Project records.

IV. DEFINITIONS

Residual Funds: the surplus funds or un-obligated balance remaining after all agreed upon direct and indirect expenditures and institutional fees have been charged against the sponsored project account and all requirements for the project have been completed. Residual funds occur when the revenues from a sponsored project exceed the costs (both direct and indirect) identified and incurred on the project.

Principal Investigator/Project Director: The individual (whether referred to in the contract or grant as a Principal Investigator, Project Director or other similar term) designated by the Sponsored Program Administrator to be responsible for ensuring compliance with the academic, scientific, technical, financial and administrative aspects and for day-to-day management of the sponsored program.

Sponsored Project: A project resulting from a grant, contract, or other agreement between the campus and a sponsor.

Links to Policies and Regulations

[CSUSM Corporation Policies and Procedures](#)

[CSUSM Corporation OSP Policies and Procedures](#)

[CSUSM Corporation Campus Programs](#)

[CSUSM Corporation Cost Principles Policy and Procedures](#)