

# RESIDUAL FUNDS PROCEDURE

## SCOPE

This procedure applies to all staff, adjuncts and affiliates undertaking research on behalf of Monash University Australia and Monash Suzhou.

The [Residual Funds Schedule – Monash University Malaysia](#) applies to staff, adjuncts and affiliates undertaking research on behalf of Monash University Malaysia.

## PROCEDURE STATEMENT

The University's approach to research costing and research pricing is underpinned by the principles of accountability, consistency, fairness and transparency, mandating that cost calculations are based on full cost recovery of both direct and indirect costs.

In addition to the external research funds, research projects undertaken at Monash University may be subsidised through faculty and professional support (central support charges). Where funds remain at the conclusion of a research project, the University may allow for the strategic use of residual funds for further research endeavours within the relevant faculty or portfolio, where permitted and in accordance with the requirements of the external funding body.

This procedure outlines the requirements for providing access to these residual funds to ensure that all residual funds are redistributed to the appropriate department, faculty or external funding body and if permitted, expended in a timely and transparent manner, to advance the University's research.

### 1. Assessment of residual funds

- 1.1 The University's research costing methodology supports the full cost recovery of externally funded research projects as outlined in the [Research Costing & Research Pricing Policy](#). There may be circumstances where a research project does not require disbursement of all costs calculated, with funds remaining at the conclusion of the research project ('residual funds').
- 1.2 Where residual funds exist at the completion of a research project, the funds may be accessed or redistributed in accordance with the requirements set out in this Procedure.

#### Identification of residual funds

- 1.3 Research and Revenue Accounting Services (R&R), or local equivalent(s) at Monash Suzhou, will determine whether there is a residual fund at the conclusion of the research project, after the grant end date, or within a period of up to twelve months after reporting completion, as follows:
  - 1.3.1 R&R will confirm with the Chief or Principal Investigator in writing that the research project has been completed and all contractual reporting milestones have been met.
  - 1.3.2 All expenditure, including any applicable faculty overheads and University support charges have been fully utilised and are compliant with the external research funding guidelines. Where applicable, the original costing model and calculations will be assessed to verify the project budget.
  - 1.3.3 R&R will calculate the final balance, including accounting for any foreign exchange fluctuations of the residual fund for the Chief or Principal Investigator to review and confirm.
  - 1.3.4 If funds are not expended within the twelve-month period, an expenditure plan must be completed in accordance with 2.3 below.
- 1.4 The Monash Research Office is responsible for confirming that there is no requirement in the contractual agreement to return any unexpended funds to the funding body.

## 2. Allocation of residual funds

- 2.1 Where a residual fund is confirmed for distribution to the relevant faculty or portfolio, R&R will finalise the cessation of the original project fund by transferring the residual balance to the relevant fund, as nominated by the Portfolio Head, Faculty or School Finance Manager or Portfolio Manager.
- 2.2 The Chief or Principal Investigator's access to and use of the residual funds for further research will be at the absolute discretion of the Dean, Head of Unit, Portfolio Head or authorised delegate.

### Expenditure Plan

- 2.3 Where the Portfolio Head or Faculty or School Finance Manager authorised delegate has approved for residual funds to be retained for the researcher's use, the Chief or Principal Investigator must contact R&R to undertake the following:
  - 2.3.1 Prepare an expenditure plan outlining the proposed use of the residual funds, for up to three years (or lesser period, as instructed by the Portfolio Head, Faculty or School Finance Manager or Portfolio Manager).
  - 2.3.2 The Residual Funds Expenditure Plan Model must include a project budget for the allocation of overheads, direct and indirect costs developed in consultation with R&R. The Principal or Chief Investigator must use the University's prescribed research costing methodology to develop the expenditure plan, as set out in the and [Research Costing Procedure](#).
  - 2.3.3 The Principal or Chief Investigator must submit the expenditure plan to the Head of Unit, Portfolio Head or authorised delegate for approval within twelve months after the conclusion of the original research project. The approval of the expenditure plan must be confirmed in writing.

### Use of residual funds

- 2.4 Upon approval of an expenditure plan, R&R will facilitate the transfer of the approved residual funds balance to a newly created special purpose fund for the researchers use in accordance with the expenditure plan, and for a period of up to three years.
  - 2.4.1 Where there are multiple residual fund sources arising from the conclusion of more than one research project, R&R will consolidate the funds into a single special purpose fund.
- 2.5 All expenditure must be made in accordance with the proposed expenditure plan, supporting research activities and in accordance with the faculty, portfolio or unit's budget parameters and margin targets set by the relevant faculty and/or portfolio.
- 2.6 All research undertaken with residual funds must be consistent with the requirements outlined in the Responsible Conduct of Research Policy.

### Cessation of fund(s)

- 2.7 All residual funds approved for further research projects are made available for the period authorised in the expenditure plan (up to three years).
- 2.8 R&R will conclude the fund at the conclusion of prescribed period as provided in the approved expenditure plan.
- 2.9 At the conclusion of the expenditure plan period, any further surplus or residual amounts will be recovered by the relevant faculty or portfolio, for use at its absolute discretion.
- 2.10 Where the Chief or Principal Investigator resigns from the University and does not continue to hold an affiliate or adjunct position, any residual funds will be recovered by the department, faculty or portfolio.

## DEFINITIONS

<b>Chief (or Principal) Investigator</b>	The individual designated by the Monash to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award, otherwise referred to as the Primary Chief Investigator.
<b>Direct Costs</b>	Direct costs are those that can be specifically and easily attributed to a particular research project or commercial activity (as defined by the University, not as specified by funding bodies).
<b>Expenditure Plan</b>	Plan for the expenditure of any residual funds as per the University's Research Costing Model, including direct and indirect costs.
<b>External research funding</b>	Income from outside the University, and may include competitive research grants, contract research, joint ventures and consultancies
<b>Grant end date</b>	The date when a grant has concluded, usually identified within the contractual agreement or amended through writing as determined by the funding body and Principal Investigator.
<b>Indirect Costs</b>	Indirect costs, sometimes referred to as overheads, are those incurred by the University to support

	research projects and commercial activity, but cannot be directly attributed to an activity; these include but are not limited to the cost of using University facilities (e.g. building maintenance, libraries, IT equipment or software), central overheads, and opportunity costs.
Overheads	Cost of services provided centrally to faculties, departments and units, which are costed and charged based on usage (volume) per University budget paper.
Research costing	The process by which the direct and indirect costs associated with carrying out research are accounted for and to determine the real cost of a project (completeness). Costing forms part of, but is distinct from, pricing.

## GOVERNANCE

Parent policy	<a href="#">Cash &amp; Financial Management Policy</a>
Supporting schedules	<a href="#">Residual Funds Schedule – Monash University Malaysia</a>
Associated procedures	<a href="#">Research Costing Procedure</a> <a href="#">Research Pricing Procedure</a>
Related legislation	N/A
Category	Operational
Approval	Chief Financial Officer and Senior Vice-President 26 March 2021
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Procedure owner	Lead, Finance Business Partnering
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Content enquiries	<a href="#">Research &amp; Revenue Accounting Intranet</a>