

**PURDUE UNIVERSITY  
SPONSORED PROGRAM SERVICES**

**September 3, 2019**

**INSTRUCTION NO. 4**

*(Supersedes Instruction No. 4 dated May 28, 2019)*

**To:** Business Management Staff and Sponsored Program Services Staff  
**From:** Ken Sandel, Senior Director, Sponsored Program Services  
**Date:** September 3, 2019  
**Re:** Administration of Unexpended Funds from All Sponsored Projects –  
Supersedes Instruction No. 4 dated May 28, 2019

Unexpended funds from all sponsored projects in fund 46010000 will be considered to be residual funds if all the following conditions are met:

1. The contract is fixed-price (i.e., there is no provision for return of unexpended funds to the sponsor).
2. All payments required under the contract have been received by Purdue.
3. All required project work is complete, and all reports and other deliverables have been provided to the sponsor.
4. All expenses related to the project have been properly charged to the account.

If all the above criteria have been satisfied, the unexpended direct cost balance in the account will be transferred to an unrestricted fund in the appropriate department. The unexpended indirect cost will be credited to the indirect cost recovery fund. Residual funds transferred to the unrestricted fund will not be subject to indirect cost.

The unexpended direct cost balance will be calculated by pro-rating the total cost unexpended balance by the indirect cost rate applicable to the project.

Example:

Total Cost Unexpended Balance:	F&A Rate on project:
\$1,535.00	50% MTDC
Transfer to department unrestricted fund:	\$990.32
Transfer to indirect cost recovery fund:	\$544.68

SPS staff will transfer residual funds to the designated department unrestricted fund upon project closing. A department reference number will be used if requested. Further allocation or tracking of these funds is at the discretion of the department head. Accounts for all residual funds should be established for each academic department as needed. If a

department has an existing unrestricted fund which was established for other unrestricted designated income, the purpose of the existing unrestricted fund can be expanded to include all residual funds.

- If the project account was established with internal orders in several departments, the residual balance will be transferred to a unrestricted fund in the major department, unless the department requests otherwise.
- Residual balances of multi-sponsored, or other funds with open project expiration dates (i.e., 99/99/99), may be transferred to the unrestricted fund.
- If the residual balance of the total award is greater than 15% for federal (including federal flow-through non-federal), 25% for non-federal or upon request from sponsored programs an explanation of the excessive residual balance should accompany the request for transfer to the residual unrestricted fund.
- Once transferred to the residual unrestricted fund, these unexpended funds may be expended like other unrestricted designated funds.
- The **Residual form** should be completed by the departmental Business Office and approved by the appropriate academic entity to request transfer of unexpended funds. Questions should be directed to your Business Manager or the SPS Post Award Funding Administrator.