

Complete Policy Title:  
**Research Residuals**

Policy Number (if applicable):

Approved by:  
**Board of Governors**

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**June 9, 2011**

Responsible Executive:  
**Vice-President (Research)**

Enquiries:  
[University Secretariat](#)

**DISCLAIMER:** *If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails*

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## CONTEXT

As a research intensive University, McMaster University receives research funding from various sources ranging from Federally funded research programs to Industry Sponsored Research grants. On occasion after all research deliverables are met and all research expenditures incurred, there remains funding within the research ledger account<sup>1</sup> which is not required to be returned to the applicable Sponsor.

Most Federal and Provincial funded research awards have a clear process about the treatment of unspent balances. Other research sponsors typically have a clause in their research agreement that will address the treatment of an unspent balance. When the research agreement is silent on the treatment of the unspent balance, this policy will apply.

## RESEARCH RESIDUALS – DEFINITION

Research residuals result when there are unspent funds remaining in a research account following the end date of the project<sup>2</sup> and any of the following three conditions exist:

1. The research project is complete which means that all expenses have been incurred and the sponsor agrees that all deliverables have been met; the contract is silent on the treatment of unspent funds, and the sponsor has not requested reimbursement of the unspent funds (all components of this condition must be met);

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<sup>1</sup> Account – in this context the ‘account’ is what is currently defined in MOSAIC as a ‘Project’ and is where transaction detail regarding funding and expenses is captured.

<sup>2</sup> Project – refers to the activities that the researcher and his/her team undertake related to the funded research project.

2. The research project is a clinical trial in which the sponsor contribution amounts are based on a fee-per-patient basis; once the clinical trial is completed, it is implicit that the sponsor does not have a claim of ownership for any unspent funds; or
3. The account is a consolidation of residual funds from miscellaneous clinical trials which have ended in the past.

When any one of the above three conditions is met, the classification of the account balance will be changed from “Deferred Contributions” on the University financial statements to “Internally Restricted Net Assets” as there is no longer a liability to the applicable Sponsor. Research Residual balances are deemed to be internally restricted for research purposes by the Board of Governors through this policy.

### **ANNUAL IDENTIFICATION OF RESEARCH RESIDUALS**

On an annual basis, research accounts which are past their end date and have a residual balance will be identified by the respective Research Finance Office and the contracts will be reviewed to ensure that there is no obligation to repay the unspent funds to the Sponsor. The Principal Investigator and the sponsor, when required will be contacted to confirm in writing that the project has met all of its deliverables. If all deliverables have been met the project will be considered complete. Provided there is no contractual obligation to repay the funds, these funds will be treated as research residuals as outlined below.

### **TREATMENT OF RESEARCH RESIDUALS**

When the condition for a Research Residual account is met, the current research account will be closed. If an indirect cost (overhead) recovery is applicable on the residual balance, those indirect costs will be transferred to the appropriate entity. For the remaining residual funds, a new Research Residual account will be opened in the name of the original Principal Investigator with a sponsor code of “Residual” and classified with a funding code entitled “Residual”. One “residual” account will be set up for each Principal Investigator and all residuals incurred in any research account of this Principal Investigator, irrespective of sponsor, will be transferred into this account. The Principal Investigator will identify the purpose of the account which will include the general content area of the research and the purpose of the Research Residual Account will be approved by the department Chair. Research Residuals continue to be the property of McMaster University. In no case will any remuneration payments to the researcher or their estate be made directly from Research Residual accounts. Unspent balances in the Research Residual account at the time of termination of employment or termination of academic appointment of the Principal Investigator will revert to the Department and may be allocated, saved, internally endowed or spent at the discretion of the Department Chair in consultation with the Dean and Associate Dean (Research) of the Faculty. Where the Principal Investigator of the Research Residuals account is a Department Chair, the responsibility for the Department Chair approvals on this account will be assumed by the Associate Dean (Research) or Dean of the Faculty. Professor Emeritus faculty who are still actively engaged in research will continue to have access to these Research Residual funds. Measures of active research include the following: the faculty member holds an external peer-reviewed reward; the

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researcher is engaged in active research and publishes work in peer reviewed journals; the researcher supervises graduate students; and the researcher participates in collaborative projects.

### **ALLOWABLE EXPENSES**

All expenditures from Research Residual accounts must comply with University policies and procedures and must be consistent with the identified research purpose of the residual account.

Residual balances must first be used to reduce or eliminate over-spending or other amounts owing by the PI on the other projects or accounts. Allowable expenses exclude amounts that are not "reasonable" in the circumstances, personal and living expenses, and expenses for which the researcher has been previously reimbursed. It is the individual researcher's responsibility to ensure that the expenses charged against the Residual account are for legitimate costs incurred in their research. If the eligibility of an expense is uncertain, the researcher should contact the Research Finance office within the Faculty of Health Sciences or the Office of Research Services, as appropriate.

In the event that the researcher is unable to account for the expenses to the Department Chair's satisfaction, the Chair, after consultation with the Dean of the Faculty, will refuse payment, or request reimbursement if the expense has already been paid. Where there is a disagreement with respect to the eligibility of an expense, the decision of the Dean shall be final and binding on all parties and there shall be no further appeal.

### **RELATED POLICIES**

This document is to be read in conjunction with the following policies. This is not a comprehensive list and the University reserves the right to amend or add to the University's policies from time to time.

[Research Accounts Policy](#)

[Internally Sponsored Research Accounts Policy](#)

[Research Integrity Policy](#)