

Guidelines for Residual Fund Application

1. These guidelines apply to any external grant received by MMU in which the balance of the external grant does not need to be returned to the funding agency granted the permission or notice from the respective funding agency. These guidelines complement the current guidelines of Facilities and Administration Cost (FAC) charges that charged to the remaining balance fund in which the balance fund of the completed external grant has to be returned to the funding agency such as MOSTI. The FAC guidelines have been approved by Management Committee of MMU in November 2008 (see attached appendices).
2. The remaining fund of the grant or better known as residual fund will be computed after all the expenses incurred for the entire project. End of project report or similar format of report has to be submitted to the funding agency, and at the same time, it requires the finance division to close the external grant account. There will be a one-time 25% Facilities and Administration Cost (FAC) that is charged to the balance money of the project. Thus, usually, the amount of residual fund will be 75% of the balance money of the fund after end of the project.
3. Thus, in view of the availability of the remaining balance of the fund after the end of project and charges of FAC, thus, MMU (with the approval from University R & D Committee) grants the project leader the privilege to use the balance or residual fund after the fulfilling the requirements for utilizing the residual fund. A new project ID and GAMs ID will be created for this new project.
4. Only the project leader of the completed external grant is entitled to apply to use the residual fund, and he or she is required to submit a new project proposal to the R & D division for further processing and evaluation. Under normal circumstances, the new project proposal needs to be submitted to R & D division within 3 months after the computation of residual fund by Research Management Centre (RMC). The project leader of the completed external project will be the project leader and accountable for the new project funded by the residual fund. He or she cannot serve as a project member and pass the responsibilities of a project leader to other researcher. The project member(s) may or may not be the same project member(s) from the completed project.
5. The new project duration will be up to a maximum of 2 years. Under normal circumstances, no project extension is allowed. If the project leader resigns from MMU, he or she can appoint the project member to finish the project. However, if the project leader does not have project member, the R & D division will assign a nominal project leader to continue and finish the project. In extreme

- circumstances, the R & D division may request the project to be ended with the departure of the project leader. The project leader is then requested to submit the data and project progress to R & D Division for further actions.
6. There is only ONE-TIME use of the residual fund of any external-funded project. Should the residual fund project still have some remaining money after completion of the project, the balance shall all go to R & D Admin Fund (formerly known as CRPP Admin Fund) of the MMU.
 7. Two-independent reviewers in the field related to the project funded by residual fund will be assigned by R & D division to evaluate the project proposal of the residual fund and provide technical recommendations to be tabled to University R & D Committee for approval. It should be pointed out that when the amount involved (residual fund of the project) is RM20,000.00 and above, another selection committee comprised of personnel in R & D division will discuss the evaluation report and make recommendations of the evaluation reports before bring to the University R & D Committee for approval.
 8. The usage of the residual fund should be similar with the usual external grant practices. The estimated expenses need to be spelt out clearly in the project proposal. The purchase of equipment(s), hardware, and software need to be stated clearly along with justifications in the project proposal, which subsequently to be approved by University R & D Committee.
 9. The project leader is required to submit a revised project proposal and project schedule to Research Management Centre (RMC) after the approval of the University R & D Committee for references and further actions.
 10. In some circumstances, the project leader may allow to combine more than one small amount residual fund to become one large residual fund to finance for one bigger project with good justifications.

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	students in terms of campus.		
8.1.3	The meeting also agreed that Operations would take over the process owner of this STAR Scholarship Fund in line with the University's Scholarship policy and that the field be reviewed accordingly.	SD (O)	
9.0	R&D PERFORMANCE REPORT		
9.1	<u>Key R&D and Postgraduate Matters from R&D Division</u>		
9.1.1	The meeting noted on the statistics and activities in IPS, RMC, R&D Collaborations and Dean of Research presented in the meeting.	VP (R&D)	
9.1.2	It was reported that there was an excess of RM1 million and it would be returned to MOSTI.	VP (R&D)	
9.1.3	The meeting suggested that MMU should salvage as much as possible for future excess.	VP (R&D)	
9.1.4	The meeting agreed to approve on the proposal to charge for facility and administrative cost (FAC) to the completed R&D projects which is funded by MOSTI. The proposal (appendix A) and list of completed projects (appendix B) are as enclosed in the report.	VP (R&D)	
9.1.5	The Chairman further added that faculties should be reminded to finalize their research centres before his round trip to see the progress of the centres.	VP (R&D)	
10.0	FINANCIAL PERFORMANCE REPORT		
10.1	<u>Financial Performance as of October 2008</u>		
10.1.1	The meeting noted the financial performance report as follows:	VP (F)	
(i)	Net operating revenue recorded a sum of RM144 million group actual as compared to RM181 million budgeted.		
(ii)	Total operating expenses recorded a sum of (RM121) million group actual as compared to (RM156) million budgeted.		
(iii)	Profit after tax recorded a sum of RM6.1 million group actual as compared to RM7.1 million budgeted.		

Facilities and Administrative Cost (FAC)
(also known as Indirect Cost Recovery Fund)

Objective:

To seek the approval of the Management Committee to permit RMC to charge facility and administrative cost (FAC) to completed R&D projects funded by external agencies such as MOSTI, ASM, etc. The R&D Division is aware that research activities require administrative support and facilities, and other expenses to enable projects' successful implementation and completion.

- b) Leverage support for other research and scholarly activities in targeted areas (example - fund project under RMC admin Fund, initiatives to optimize R&D facilities and conduct studies on MMU research activities and trends;
- c) Provide allocation to equip laboratories or working spaces for research centres in both Melaka and Cyberjaya Campuses with needful facilities;
- d) Buy specialized scientific equipment;
- e) Fund lab renovations and research library or research centre upgrades;
- f) Purchase software licenses and library subscriptions (books/magazines/databases);
- g) Provide additional research space; and
- h) Provide researcher with seed grants to develop areas of research not fully supported by external grants.

How is FAC determined?

RMC proposes that on average, 10-20% of the remaining balance in the completed R&D project is used to cover FAC, provided there is balance in the project. The remaining fund will be channelled back to the funding agencies, upon request and if any.

How F&A fund is used?

The FAC income will be used to cover R&D expenses associated with university space, facilities and support services which are not fully supported by external grants.

Common costs to universities include:

- a) Maintenance of scientific laboratories & equipments
- b) Training for staff and research officers
- c) Legal expenses for agreements and other legal documents
- d) General Facilities such as fax, telephone, printer toner, electricity and water supply, stationery and etc;
- e) Project Admin Overhead, and
- f) Record-keeping support at RMC as well as at facilities conducting the research.
- g) GAMS maintenance and enhancements activities

This fund will be pooled into one existing account under RMC called Admin fund (EP20070413009)

Benefits

Some of the most important uses of F&A funds are to:

- a) Introduce new support facilities for project leaders