

# Expense Guidance for Early Termination of Sponsored Awards

Updated: May 20, 2025 (B.2.1. tuition)

Original Date: May 9, 2025

## I. Purpose

To establish standardized procedures for identifying, documenting, and seeking reimbursement of allowable costs when a sponsored project is suspended or terminated prior to its planned end date. This guidance ensures compliance with federal regulations (2 CFR 200, Federal Acquisition Regulations, and sponsor terms and conditions), aligns with best practices from peer institutions, and supports responsible financial stewardship.

University of Colorado Boulder's (UCB) understanding of this may evolve as we see which costs are ultimately reimbursed as "non-cancellable obligations" and which are denied. However, our current understanding is as follows. Please note that until we have received agency feedback, we cannot guarantee that costs we think might be recoverable are recoverable.

## II. Scope

This procedure applies to all UCB personnel involved in the management, oversight, and administration of externally sponsored awards.

## III. Key Definitions

- **Termination:** The ending of a federal award, in whole or in part, at any time prior to the planned end date.
- **Non-Cancellable Commitment:** A financial obligation that either cannot be terminated without incurring a cost or penalty, or—if cancellation is possible - is limited to the lesser of the original cost or the applicable cancellation fees.
- **Closeout Costs:** Reasonable, necessary administrative costs associated with the closure of an award after termination.

## IV. Procedure

### A. Notification and Coordination

1. Upon receipt of a termination communication, the Principal Investigator (PI) must notify the Office of Contracts and Grants (OCG) immediately if OCG was not included in the sponsor's communication.
2. OCG and Research Financial Services (RFS) will coordinate to assess sponsor-specific requirements and deadlines related to drawdown, invoicing, reporting, and closeout.

## B. Identification of Costs

Costs may fall into three categories:

### 1. Costs Incurred Before the Termination Date

- Direct costs (e.g., salaries, materials, supplies, services)
- Applicable indirect costs
- Costs must be allowable, allocable, and reasonable.
  
- Ensure these are posted to the ledger, or communicated to RFS as necessary, prior to the next invoice or draw request.

### 2. Non-Cancellable Obligations

- Must have been committed (incurred) before the termination date.
- Examples include:
  - Graduate student tuition and stipend potentially allowable to the earlier of the end of the semester or original project end date.
    1. If you need to request the posting of tuition remission before the end of the semester due to unexpected federal actions, stop work orders, or award terminations, please use the [Sponsored Project ETP Form](#) available on the [Graduate School website](#). Instructions for completing the request are included at the bottom of the ETP form. If you have questions about the process or need additional assistance, email [Tuitionremission@colorado.edu](mailto:Tuitionremission@colorado.edu).
  - Salaries for fixed-term employees hired specifically for the project, as well as other types of salaries, may be non-cancelable. HR may need to be consulted.
  - Non-refundable travel, conference, or vendor fees.
  - Travel and shipping for materials and equipment that need to be returned to UCB from a remote site.
  - Travel costs associated with return of staff on travel or temporarily headquartered abroad.
  - Purchases made using a purchase card or other means that have not been added to the accounting system prior to the notification date.
  - Subawards or vendor contracts with termination penalties.
  - Equipment or supply orders with non-refundable components (e.g., custom-built items).
  - Costs associated with orderly closeout of human and animal subject research may also be reimbursable as non-cancelable obligations.
- Documentation must include:
  - Purchase orders, HR appointment letters, invoices, or signed agreements.
  - Demonstration that costs could not be cancelled despite reasonable efforts.

### 3. Termination and Closeout Costs

- May include:
  - Personnel time for report preparation.
  - Final publication or data sharing.
  - Equipment disposition and record archiving.
- Must be incurred and reported to RFS Grant Accountant before the reporting and invoicing/drawdown deadline.

### **C. Cost Review and Approval**

1. The PI and department administrator will review expenses recorded in M-Fin and confirm the expenses are allowable, allocable, and reasonable.
2. The PI and department administrator must compile a complete list using the provided template of:
  - Costs incurred but not recorded in M-Fin to date.
  - Outstanding non-cancellable commitments.
  - Note any expenses to be removed from M-Fin as a result of the review performed in Step 1, above.
3. RFS will assess compliance with Uniform Guidance and sponsor terms and confirm the amounts eligible for inclusion in the next invoice or drawdown.

### **D. Drawdown/Invoice and Final Financial Report**

1. RFS will coordinate draw/invoice submission:
  - Include incurred and eligible projected costs.
  - Submit separate draws if required by sponsor (e.g., HHS PMS restrictions).
2. Ensure draw or invoice is completed within sponsor's termination period guidance.
3. Submit final financial report (FFR) by sponsor deadline (typically 120 days).

### **E. Sponsor Communication and Appeals**

1. Where sponsor guidance is unclear or restrictive, RFS and OCG will consult with the agency for clarification.
2. If the termination is under appeal, RFS will proceed with allowable draw and reporting timelines while reserving the right to update pending sponsor decision.

### **F. Documentation and Recordkeeping**

- All cost justifications, approvals, and communications must be retained in the award file.
- Ensure documentation demonstrates:
  - Efforts to mitigate costs.
  - Alignment with policy and sponsor requirements.

## V. Compliance References

- 2 CFR 200.343 – [Effects of Suspension and Termination](#)
- 2 CFR 200.472 – [Termination and Closeout Costs](#)
- 2 CFR 200.344 – [Closeout](#)
- [UCB Cost Principles Policy Statement](#)
- COGR: Costing Points for Terminations and Suspensions, April 2025

## VI. Questions

For questions or clarification on this procedure, contact [Research Financial Services \(RFS\)](#) or the [Office of Contracts and Grants \(OCG\)](#).