Guidance Memo: Cancellations, Terminations and Non-Cancellable Commitments on Sponsored Awards

**Responsible Office:** Sponsored Programs Administration

**Responsible Officer (title only**): Associate Vice President for Research and Sponsored Programs

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**University Policy Reference:**N/A

# Purpose

To provide guidelines for managing cancellations and terminations (collectively “Cancellations”) for sponsored awards, and how to calculate non-cancellable commitments to ensure fiscal prudence and compliance.

# Definitions

Non-Cancellable Commitments: Financial obligations that cannot be terminated without incurring costs or penalties to do so. These may include salaries, long-term service agreements, booked travel, equipment leases, subcontracts, and certain employment and student support arrangements.

Liquidation: The process of settling all financial obligations incurred under an award. This involves ensuring that all expenses and financial commitments made during the grant period are paid and accounted for.

# Guidance and Procedures

## Notification

If a Principal Investigator (PI) or other individual receives a cancellation notice, send it immediately to Sponsored Programs Administration at [asosp@niu.edu](mailto:asosp@niu.edu) and provide a copy of the notice.

The SPA Award Team will formally distribute the notice to the following via InfoEd to document receipt. If SPA receives the Cancellation, this same notification process will apply. This will record receipt and all associated documentation in InfoEd, SPA’s project tracking system.

* Principal Investigator
* Department Chair
* Grants and Contracts Associate (GCA)
* Director, SPA
* Associate Dean for Research
* Associate VP for Research
* VP for Research

After SPA completes its assessment of the Cancellation, including effective date and award terms, the Grants and Contracts Associate will send a revised Notice of Award to the above contacts indicating the new project end date.

## Key Termination Provisions for Federally Funded Grants

Most notices of termination indicate that the award “no longer effectuates the program goals or agency priorities”. This guidance addresses SPA’s interpretation of this rationale and its enforcement on existing awards.

Federal termination requirements for grants are found at [UG 200.340 Termination](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR86b76dde0e1e9dc/section-200.340). UG 200.340 (a)4 includes termination for the following:

*By the Federal agency or pass-through entity pursuant to the terms and conditions of the Federal award, including, to the extent authorized by law, if an award no longer effectuates the program goals or agency priorities.*

UG 200.340 (b) goes on to state:

*A Federal awarding agency should clearly and unambiguously specify termination provisions applicable to each Federal award, in applicable regulations, or in the award, consistent with this action.*

Revisions to the 2024 Uniform Guidance amended the above language to clarify that an agency may terminate a federal award if it no longer effectuates the program goals or agency priorities **only when such language is clearly and unambiguously included in the terms and conditions of the award**.

In other words, the 2024 revisions to UG 200.340(b) were updated from a “should” statement to a “must” statement.

*The Federal agency or pass-through entity must clearly and unambiguously specify all termination provisions in the terms and conditions of the Federal award.*

Agencies were expected to take steps to implement the 2024 revisions into their awards by October 1, 2024. Therefore, some awards may include the 2024 UG 200.340 (b) provision while others may not.

SPA will review the terms and conditions of the canceled award to determine if the award includes the required UG termination provisions. This review includes assessing agency policies implementing the 2024 revisions and any amendments received for awards made prior to October 1, 2024.

SPA will consult with the AVP – Research Services and VPR on the final legal standing on the cancellation and any decision to appeal.

## Award Close Out

Unless otherwise noted in the Cancellation notice or associated agency policies, the expectation is that canceled federal grants will follow [UG 200.344 Federal Close Out](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR682eb6fbfabcde2/section-200.344) Procedures. Key actions for standard federal close-out include:

* Submission of all reports no later than 120 days after the conclusion of the period of performance. The formal termination date will be considered the date of final period of performance.
* NIU must liquidate all financial obligations no later than 120 days after the conclusion of the period of performance. Extension requests may be possible when justified.

SPA may make necessary additional internal and external notifications, and update systems of record to reflect any alteration in due dates.

SPA will change the award end date in InfoEd. The Grants and Contracts Associate (GCA) may change the budget end date in PeopleSoft FMS to further restrict the use of the grant account for new expenses.

Awards with Subawards

* SPA will work with the PI and GCA to prepare and send notification of the Cancellation to subrecipients and will manage amendments to the agreements, as necessary.
* Subrecipients on NIU awards must submit all reports to NIU no later than 90 days after the conclusion of the period of performance. (Subsequently, when NIU is the subrecipient we will need to submit our reports within 90 days (or other agreed upon timeline).
* Subrecipients must liquidate all financial obligations no later than 120 days after the conclusion of the period of performance. Extension requests may be possible when justified.

**The expectation is that NIU will not initiate any new obligations toward the cancelled award once NIU receives the cancellation notice or while an appeal is under agency review**. Any new obligations incurred after the cancellation date will not be allowed as part of the closed-out settlement.

### Examples of Possible Non-Cancellable Commitments and Allowable Close Out Costs

* Fixed term/temporary specialized staff hired specifically to work on the award
* Graduate assistant tuition, salaries, fringe, stipends and fees for the remainder of the academic term
* Issued purchase orders that cannot be cancelled, or cancellation fees associated with those that can be cancelled.
* Travel or conference costs that cannot be cancelled, or cancellation fees associated with those that can be cancelled.
* Purchases made using a purchase card or other means that have not been added to the grant account prior to the notification date.
* If the award is subject to 2024 Uniform Guidance revisions, the following may be allowed as part of standard close-out. SPA will make this decision based on whether the award includes the 2024 [UG 200.472 (b).](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRed1f39f9b3d4e72/section-200.472)

*“Administrative costs associated with the closeout activities of a Federal award are allowable. The recipient or subrecipient may charge the Federal award during the closeout for the necessary administrative costs of that* ***Federal award (for example, salaries of personnel preparing final reports, publication and printing costs, costs associated with the disposition of equipment and property, and related indirect costs).*** *These* ***costs may be incurred until the due date of the final report(s).*** *If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency.”*

### Assessment of Non-Cancellable Commitments, Close Out Costs and Final Account Reconciliation

The GCA will work with the PI and their department to review all non-cancellable commitments and any remaining close out costs to determine financial impact.

This assessment should include a review of the terms of each commitment, identifying any penalties or costs associated with early termination or suspension.

The GCA will calculate the total financial obligation for non-cancellable commitments by totaling the costs and penalties

identified in the assessment and confirm the final calculations with the PI.

This information will be shared with the VPR.

## Roles and Responsibilities

## Principal Investigator

* Promptly notify SPA of any cancellation notices on their award(s)
* Stop new work or obligation of new funds upon receipt of said order
* Work with SPA and department to identify all non-cancellable commitments and take steps to mitigate costs (including contacting vendors for refunds)
* Prepare final technical reports and invention reports (if applicable)
* Work with SPA to prepare other agency directed termination reports

## Sponsored Programs Administration/RIPS

* Notify internal parties of the cancellation and issue revised NOA reflecting new period of performance end date to signify that award is no longer active and accepting new obligations
* Assess award terms and conditions and provide guidance to PI and departments on close out procedures
* Assist PI and department with assessing non-cancellable costs and other allowable close out costs
* Prepare and submit final financial reports and complete final draws
* Amend subawards to implement cancellations and coordinate close out
* Represent university in communications with the funding agency

## Division of Research and Innovation Partnerships

* Evaluate institutional funding requests related to cancellations
* Coordinate and manage any decision to appeal a cancellation

## Department

* Assist PI and SPA with assessing any non-cancellable commitments