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Created: 4/15/2025
Approved by: SPC 9/23/25
Effective: 9/23/25
Total Pages: 4

SPONSORED PROJECT CANCELATIONS, CONTRACT SUSPENSIONS, PAUSES, STOP WORK ORDERS, TERMINATIONS, AND NON-CANCELABLE COMMITMENTS PROCEDURE

PURPOSE:
To provide guidelines for managing suspensions, pauses, stop work orders, cancelations, and terminations (collectively "Stop Work Orders") for sponsored projects and how to calculate non-cancelable commitments to ensure financial responsibility and compliance.

SCOPE:
This procedure applies to CSUSM sponsored project administration departments, at CSUSM and CSUSM Corporation, and other departments involved in the administration of sponsored projects managed by California State University San Marcos Corporation (CSUSM Corporation).

PROCEDURE:

I. Notification and Documentation

A. Upon receipt of a Stop Work Order, the Principal Investigator/Project Director (PI/PD) or other individual receiving said order must immediately notify the Office of Graduate Studies and Research (OGSR) and Office of Sponsored Projects (OSP) and provide a copy of the order. OSP will immediately provide a copy to the Executive Director of CSUSM Corporation, Office of the Provost, and Office of the Vice President for Financial and Administrative Services.

B. The PI/PD must document all non-cancelable commitments related to the affected project. See Section II below for examples.

C. OGSR and OSP will make any necessary additional internal and external notifications, and update systems of record to reflect any alteration in project or invoicing dates. OSP may change the grant or contract end date internally to aid in making it clear that funding may not be available, or to further restrict use of the account.

D. OSP will be responsible, in conjunction with the PI/PD for notifying, and sending a Stop Work Order or Suspension Order to any sub awardees.

E. PI/PD's will be advised by OSP that no charges to project account(s), except for those that are liquidating obligations incurred prior to the effective date of the order can be made.

II. Examples of Non-Cancelable Commitments

A. Faculty release time for the remainder of the academic term. Per section 12.5 of the California Faculty Association (CFA) Collective Bargaining Agreement (CBA) the replacement lecturer's appointment becomes non-cancelable after the third class meeting. It is at this point that the faculty release time becomes a non-cancellable commitment for the university.

B. In the event the grant or contract is terminated abruptly, the salary, benefits, and accrued leave for the notice period may be considered non-cancellable. This will depend on institutional HR policies. Employee salaries and fringe are considered non-cancelable to the earlier of: 1) the notice provided to the employee that the position is being terminated; 2) the end date of the appointment; or 3) the original project end date. A minimum of a two-week notification will be provided when possible.

C. Student stipends and tuition and graduate salary and benefits for the remainder of the academic term.

D. Issued purchase orders that have been issued and cannot be canceled, or cancelation fees associated with those that can be canceled.

E. Travel or conference costs that cannot be canceled, or cancelation fees associated with those that can be canceled.

F. Purchases made using a pro card or other means that have not been added to the accounting system prior to the notification date.

G. Any required notice for subawards or independent contractors plus their non-cancelable commitments in compliance with separate agreement terms.

H. Allowable expenses for space rent and any penalties associated with early lease termination.

III. Assessment of Non-Cancelable Commitments

A. The PI/PD, in collaboration with their assigned SPA, must compile a detailed list of all non-cancelable commitments associated with the affected project to determine the financial impact. This includes, but is not limited to, personnel salaries, equipment purchases, service contracts, and subawards.

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

IV. Calculation of Financial Obligations

A. OSP will calculate the total financial obligation for non-cancelable commitments by

totaling the costs and penalties identified in the assessment.

B. Ensure that all calculations are documented and reviewed by the PI/PD.

C. Note that non-cancelable commitments are unlikely to be funded beyond the current obligated value of the award, and certainly not beyond the total anticipated value.

V. Responsibility to Mitigate Damages

The calculated obligations should be regarded as the maximum cancelation cost. CSUSM has an obligation to mitigate these costs.

VI. Reporting and Approval

A. The PI/PD will submit a detailed report of the calculated non-cancelable commitments to OSP and OGSR for review, approval, and submission.

B. The report should include a summary of the financial impact, supporting documentation, and any recommendations for mitigating costs.

C. OSP and OGSR will coordinate on obtaining any sponsor approval required.

VII. Compliance and Monitoring

A. OSP and OGSR will ensure compliance with all applicable laws, regulations, and University policies when managing non-cancelable commitments.

B. The PI/PD will regularly monitor the status of non-cancelable commitments and update OSP and OGSR on any changes or developments.

VIII. Resumption or Close Out

A. Should a Stop Work Order proceed to a termination, the non-cancelable commitments will be billed in accordance with the award terms and the project will begin the close out process.

B. Should a Stop Work Order be rescinded, OSP will reflect the original termination date (or any modifications thereto) and the project will proceed in accordance with its plan. Expenses during the period the Stop Work Order or suspension was in effect are most likely unallowable.

IX. Review and Amendments

This procedure will be reviewed periodically to ensure its effectiveness and relevance.

Definitions:

Non-Cancelable Commitments: Refers to obligations that cannot be terminated without incurring costs or penalties. These include salaries, long-term service agreements, purchased travel, equipment leases, subcontracts, and employment and student support arrangements.

Relevant Federal and State Statutes:

2 CFR § 200.343 Effects of Suspension and Termination
2 CFR § 200.472 Termination and standard closeout costs
Uniform Guidance, 2 CFR 200
CSUSM Corporation Policies and Procedures
Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200
California Faculty Association Collective Bargaining Agreement