

Section 7.5.2: Award Suspension or Termination by Subrecipient or Agreement

This section describes the policies and procedures for termination of a grant or cooperative agreement award by agreement or upon request from the award subgrantee.

PURPOSE AND POLICY

A grant or cooperative agreement award may be terminated by the subgrantee of the award or by the grantor with the consent of the subgrantee (where the subgrantee does not consent to the termination, please refer to [Section 7.5.1](#)).

The subgrantee may terminate the subaward upon written notification to the grantor, in which case, the termination should be formalized with an agreement. A termination agreement specifies the conditions for termination, including the effective date of the termination, the subrecipient's continuing responsibility to comply with audit and closeout procedures, and, in the case of partial terminations, the portion of the subaward being terminated. If possible, a final determination of allowable costs is also included in the termination agreement.

PROCEDURE

1. **Receive request to terminate award**

The grant program manager receives a request to terminate the subgrant from the subgrantee or the grantor sends a request to the subrecipient. After correspondence, both parties agree to terminate the award. If the grantor initiates termination without the subgrantee's consent, please refer to [Section 7.5.1](#). In appropriate circumstances, a request to freeze payments should be made to the State Comptroller and General Accounting Office.

2. **Contact General Accounting Office and Legal Counsel to draft a termination agreement.**

The grant program manager should contact his/her agency's legal counsel (usually an assigned attorney at the Arizona Attorney General's Office) to draft a termination agreement. The grant program manager, in consultation with his/her agency's leadership, will work with the accounting and legal offices to determine the conditions for termination. Such conditions include the effective date of the termination; the subgrantee's continuing responsibility to comply with agency audit and closeout requirements; in the case of partial termination, the portion of the award to be terminated; and, if possible, a determination of allowable costs. The official grant file, including the subgrant agreement and special conditions, the financial and programmatic history of the subgrant (including financial statements) and all other relevant information should be available.

3. **Execute the termination agreement**

After all issues with the subgrantee have been resolved, the grantor agency director signs the termination agreement. The office mails the agreement to the subgrantee for the subgrantee's

signature. The official in the subgrantee's organization authorized to sign federal grants should sign the termination agreement. This official will normally be the official who signed the original grant award, or any person in that position. The subgrantee sends the fully executed termination agreement to the grant program manager.

4. **File the termination agreement in the grant file**

The grant program manager files the executed termination agreement and all supporting documentation in the official grant file, preferably in the eCivis Subrecipient Manager (SRM).