1. Introduction

Responsible Officials: Senior Director of Sponsored Programs - Post Award
Effective Date: April 26, 2002
Revision Date: February 17, 2021

IMPORTANT: For federal awards/subawards issued to Virginia Tech with a start date prior to December 26, 2014, 2 CFR Part 215 (OMB Circular A-110) and 2 CFR, Part 220 (OMB Circular A-21) apply. For all new funds (new awards and new monies, such as continuation awards, supplements, etc. received for existing awards) with a start date on or after December 26, 2014, these new funds are subject to 2 CFR Part 200 (commonly referred to as Uniform Guidance—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) but hereinafter referred to as “2 CFR Part 200”).

Due to the change in federal regulations the language in this procedure specific to the new regulations, 2 CFR Part 200, is highlighted in red font below.

2. Scope

This procedure outlines the requirements necessary to freeze a Banner fund to stop additional charges from hitting the fund. This procedure applies to all Office of Sponsored Programs (OSP) staff but particularly Post Award Associates (PostAA) that are involved in the administration of sponsored award funds.

All OSP staff are reminded that use of the Banner Finance System falls under several university policies, guidelines and procedures. Additionally, Freezing Funds is closely related to the OSP procedure 30005. The hyperlinks are:

- University Policy 7000 Acceptable Use and Administration of Computer and Communication Systems
- Acceptable Use of Information Systems at Virginia Tech
- OSP 30005 Sponsored Award Files - Closeout.
3. **Procedure Statement**

The Office of Sponsored Programs (OSP) functions as the steward of Virginia Tech’s research portfolio and is responsible for ensuring that all research proposals and projects comply with university, federal, and sponsor regulations, policies, and procedures. This procedure relates to the administrative process (freezing funds) of using the Banner system to halt charges to sponsored funds. Freezing funds (or blocking charges) prevents fiscal transactions that could otherwise be placed on active funds in overdraft status or active funds with end dates 30 days past which may be unallowable and beyond the end of the period of performance (see 2 CFR Part 200-1 Period of Performance).

This procedure of freezing funds is an administrative tool to assist in preventing improper payments on sponsored awards as defined by 2 CFR Part 200-1 Improper Payment, to prevent unallowable cost overruns see 2 CFR Part 200-1 Disallowed Costs and to assist in award closeout outlined in 2 CRF Part 200.344 Closeout.

4. **Reason for the Procedure**

When a Banner fund is in overdraft status, all charges are blocked (the fund is frozen) until the overdraft situation has been corrected. All charges are also blocked (frozen) when the fund’s period of performance end date is 30 days past. The fund will not be unfrozen until OSP has received an amendment from the sponsor or a letter of guarantee from the department, institute or college (see OSP 10003 Letter of Guarantee).

5. **Definitions**

**OSP Award File** – The paper award file including any related sub-folder. The particular sub-folder used is dependent upon internal process manuals.

**OSP Official Electronic File** – The electronic file is a mechanism for storage of electronic documents regarding awards associated with Virginia Tech sponsored research. This repository may change its format as technology changes, but the duty of organization, maintenance, upkeep and implementation resides with OSP.

**Period of Performance** – Period of performance means the time during which the university may incur new obligations to carry out the work authorized under the Federal award (see 2 CFR Part 200.1). The start and end dates of the period of performance are included in the award documents of the Federal award (see 2 CFR Part 200.211 Information contained in a Federal award paragraph (a)(5) and 2 CFR Part 200.332 Requirements for pass-through entities, paragraph (a)(1)(iv)).

6. **Banner steps to freeze a fund**

- Each time payroll is posted, a report of funding changes is run and sent to the associate on the Post Award Team responsible for dispensing the report. This report is sorted by associate and lists the funds that are in overdraft, the overhead fund number charged, the name and ID of the employee, the budget balance available, fund end date, effective date and the organization and description.
• At the beginning of each month, the associate on the Post Award Team responsible for distributing the report runs a report (FZRSPEF) sorted by PostAA, listing the fund, title, agency, agency number, contract number and end date.

• Each PostAA is given a copies of their portion of the above two reports and after review, acts to “freeze”, or not “freeze” as appropriate for each individual fund on the reports. If the fund is to be “frozen”, the PostAA logs into the Banner screen FGAENC, types in the individual associate’s number, and freezes the fund by adding an encumbrance of $9,000,000.00 to the fund.

• When a fund is to be “un-frozen” because OSP has received an amendment from the sponsor or a letter of guarantee from the department, institute or college, the PostAA logs into the Banner screen FGAENC, types in their individual associate’s number, and removes the $9,000,000.00 encumbrance from the “frozen” fund.

7. Roles and Responsibilities

• **Office of Sponsored Programs**
  - Maintain appropriate files and documentation in support of proposals, negotiated awards and agreements.
  - Assure freezing and unfreezing of funds is maintained and performed in an accurate manner in accordance with the guidelines of this procedure and in accordance with university policies, guidelines and procedures regarding the use of the university’s computers and information systems.

8. References

• **2 CFR Part 200**, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

• University Policy **7000 Acceptable Use and Administration of Computer and Communication Systems**

• University Guideline **Acceptable Use of Information Systems at Virginia Tech**

• **OSP Procedure 10003 Letter of Guarantee**

• **OSP Procedure 30005 Sponsored Award Files – Closeout**

9. Contacts

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**Director for Financial Compliance and Integrity**
540.231.0950
• Director of Contracts Administration
  540.231.1216

• Associate Vice President for Research and Innovation, Sponsored Programs
  540.231.5281

10. Dissemination
This procedure may be posted on a Virginia Tech intranet accessible site. Open public dissemination of this procedure is allowed.

11. Approval and Revisions
This procedure was originally approved by the Director, Office of Sponsored Programs June 14, 2002.

Revisions approved October 14, 2016 by the Assistant Vice President for Sponsored Programs. This revision updates the formatting of the procedure, brings the procedure into compliance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and other edits for clarity and title changes.

Revision approved by Associate Vice President for Research and Innovation, Sponsored Programs on 2/17/21. This update is for Uniform Guidance sections numbers.

The official version of this information will only be maintained in an on-line web format.
Any and all printed copies of this material are dated as of the print date.
Please make certain to review the material on-line prior to placing reliance on a dated printed version.