**Financial Closure of Trust Funds**

Structure Element - Description

1. The section provides guidance on managing financial closure of trust funds.Structure Element - Relevant Policies Trust Fund managers are responsible for identifying and authorizing closure of inactive trust funds . Inactive trust funds are those trust funds that have not had any revenue (except interest revenue (account 53045) or expenses for the current and prior years.
2. Where the trust fund Terms of Reference (TOR) specifies a completion date, the trust fund manager ensures that all activities are completed on or before this date.
3. In order to confirm that all necessary closing steps are completed and that all revenue and expenses have been fully recorded in Quantum, the trust fund manager must sign off the [Trust Fund Completion Check List](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Public/FRM_Financial%20Closure%20of%20Development%20Projects%20and%20Trust%20Funds_Trust%20Fund%20Completion%20Check%20List.pdf?Web=1)**.**
4. If a deficit remains at the trust fund level, the following options should be pursued:
5. Transfer other programme funding (other donor) to the trust fund. if permitted by the donor agreement or if consent is obtained from the donor.
6. Transfer extra-budgetary funding to the trust fund.
7. If deficits remain, commence procedures to charge current or future TRAC 1 & 2 (fund 04000), Country Co-Financing Cost Sharing Fund-Interest (fund 11888) or Country Co-Financing Project residual balances (fund 11890) in accordance with the approved guidelines.
8. GSSC should be notified and requested to close any associated contracts created in the Contracts Module. The trust fund manager forwards the completed trust fund completion check list to their respective Bureaus who should review, authorize and submit to Financial Performance Management and Reporting (FPMR) in OFM with the relevant supporting documents and analysis (i) to refund or transfer of the remaining trust fund resource balance and (ii) financial closure of the trust fund in Quantum.
9. The contribution agreement with the donor and the trust fund TOR will dictate whether unexpended balances are refunded or transferred. Refer to sections (i)[Refund to Donors](https://popp.undp.org/SitePages/POPPSubject.aspx?SBJID=127&Menu=BusinessUnit) or to (ii) [Transfer where Unexpected Balances are not Refunded](https://popp.undp.org/SitePages/POPPSubject.aspx?SBJID=128&Menu=BusinessUnit)
10. OFM is responsible for changing the status of the trust fund in Quantum by making the fund codes inactive, after obtaining sign-off from the trust fund manager and after the fund balances have been refunded or transferred out of the trust fund.