

**10A NCAC 01A .0902 CONTRACT COMPLIANCE**

(a) Every division shall assure compliance by recipients of contracts with all the terms of a contract. Upon determination of non-compliance, the division shall give the recipient 60 days written notice to come into compliance. After the 60 day period, the division may:

- (1) terminate the contract and take any necessary action to retrieve unexpended funds and unauthorized expenditures;
- (2) suspend payments pending negotiation of a plan of corrective action; or
- (3) offset future payments with the amount improperly spent.

(b) Every local human service agency shall be responsible for ensuring that contractors and subcontractors have complied with the applicable provisions of this Subchapter. Failure to comply with such provisions may be a basis for an audit exception. It is left to the discretion of the local human service agency director as to the method of ensuring compliance by the contractor or subcontractor.

*History Note: Authority G.S. 143B-139.1;  
Eff. July 1, 1980;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 23, 2017.*