

## **10A NCAC 97C .1202 CLOSING OUT A GRANT AGREEMENT**

(a) "Grant Agreement Closeout" is defined as the process to be followed when the Department determines that a grant agreement has ended.

(b) Grant agreement may be closed out for any of the following reasons:

- (1) the grant recipient is able to generate necessary funding from other sources;
- (2) the grant recipient's project closes due to accomplishment of its objectives or changing needs in the local community;
- (3) the grant agreement may be terminated by the Department pursuant to Rule .1302 of this Subchapter; or
- (4) by mutual agreement.

(c) In closing out a grant agreement, the following general requirements shall be observed:

- (1) upon request, the Office shall promptly pay the grant recipient for any allowable reimbursable costs not covered by previous payments;
- (2) the grant recipient shall immediately refund or otherwise dispose of in accordance with instructions from the Office, any unobligated balance of cash advanced to the grant recipient; and
- (3) the Office will make a settlement for any upward or downward adjustment of the federal or state share of costs, to the extent called for by the terms of the grant agreement.

(d) If a grant recipient's grant agreement expires or is terminated without an audit as required in Rule .0501 of this Subchapter, the Office retains the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit which shall be conducted later. Upon notification from the Office to initiate close-out procedures, the grant recipient shall arrange for a final audit to be made of its grant accounts and records in accordance with Rule .0501 and .0502 of this Subchapter and any other audit requirements of the Office hereafter in effect. The Office may determine that due to the nature of the grant recipient's program or the relatively small amount of funds which have not been audited, a final audit is not required. In such instances, the Office will notify the grant recipient that the Department will perform necessary review of documentation and activities to determine that claimed costs are valid program expenses and that the grant recipient has met its other responsibilities under the grant agreement.

(e) The close-out of a grant agreement does not affect the grant recipient's responsibilities with respect to property or with respect to any program income for which the grant recipient is still accountable under the provisions of the applicable rules of this Subchapter.

(f) The grant recipient shall submit, within 90 days of the date of expiration or termination, all financial, performance, and other reports required by the terms of the contract. The Office may grant an extension upon request by the grant recipient.

(g) Grant recipients must clear all obligations incurred during a budget year within 90 days after the end of that budget year (or the termination date of the project) and before the final Financial Project Report is completed.

(h) A Final Financial Project Report must be submitted to the Office within 90 days after the ending date of the grant agreement (or termination date). The final report should be completed using the Financial Report Form and should include all related financial data from the beginning date through the ending date of the grant agreement period year (or 20 days after the ending date if all obligations are not paid by the end of the contract).

(i) For each grant agreement, the following sums shall constitute a debt or debts owed by the grant recipient to the Division, and shall, if not paid upon demand, be recovered from the grant recipient or its successor or assignees by appropriate action as provided by Rules .0504 and .0505 of this Subchapter and other applicable laws, rules, and regulations:

- (1) any funds paid to the grant recipient by the Office in excess of the amount to which the grant recipient is finally determined to be entitled under the terms of the contract;
- (2) any interest or other investment income earned on advances of funds which is due the Division;
- (3) any royalties or other special classes of program income which, under the terms of the contract, are required to be remitted to the Office;
- (4) any amounts due the Office under the property provisions of this Subchapter; and
- (5) any other amounts finally determined to be due the Office under their terms of the contract.

(j) When a grant recipient closes its books or ceases to receive Office funds, it nevertheless shall retain certain records for five years. The specific policies which must be followed are described in Rule .1201 of this Section.

(k) If a grant agreement is terminated or closed prior to the end of the grant agreement, no further obligations will be allowed beyond the termination or closing date. The grant recipient will be notified regarding the procedures for returning any unearned funds.

*History Note: Authority G.S. 143B-10; 143B-276; 143B-277; 143-323(d);  
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Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*