

SECTION .1300 – GRANT RECIPIENT COMPLIANCE LIABILITY: SUSPENSION: TERMINATION

10A NCAC 97C .1301 SUSPENSION OF GRANT AGREEMENT

(a) "Suspension of a Grant Agreement" means the temporary withdrawal of the grant recipient's authority to obligate funds pending corrective action by the grant recipient, or pending a decision by the Department to terminate a grant agreement.

(b) The basis for suspension shall be:

- (1) When a grant recipient has materially failed to comply with the terms of grant agreement applicable laws or regulations, the Department may, upon reasonable notice to the grant recipient, suspend the grant agreement in whole or in part.
- (2) A grant agreement may be suspended for failure of the grant recipient to submit a report including one from a prior reporting period.

(c) The Department shall notify the grant recipient in writing of its intent to suspend a grant agreement. The written notification of suspension will state the reasons for the suspension, any corrective action required of the grant recipient and the effective date of suspension.

(d) The conditions of a suspension of a grant agreement shall be:

- (1) A suspension may be made effective at once if a delayed effective date would be unreasonable considering the Department's responsibilities to protect federal and state interests.
- (2) A suspension shall remain in effect until the grant recipient has taken corrective action satisfactory to the Department, or given evidence satisfactory to the Office that such corrective action will be taken, or until the Office terminates the contract.
- (3) A suspension may apply to either all or only a part of a grant recipient's agreement.
- (4) If a grant agreement, or a portion of the grant agreement, remains suspended for more than three consecutive months, the grant agreement, or the portion suspended, shall be terminated in accordance with the procedures set forth in Rule .1303 of this Section.

(e) New obligations incurred by the grant recipient during the suspension period will not be allowed unless the Department expressly authorizes them in the notice of suspension or an amendment to it. Necessary and otherwise allowable costs which the grant recipient could not reasonably avoid during the suspension period may be allowed, at the Department's discretion, if they result from obligations properly incurred by the grant recipient before the effective date of the suspension and not in anticipation of suspension or termination.

(f) When a grant agreement, or part of a grant agreement, is suspended, the Department will determine whether all or a portion of the balance of funds on hand must be returned to the Department. The determination will be based on:

- (1) the amount of unearned funds on hand;
- (2) the anticipated length of the suspension;
- (3) the extent of the grant recipient's operation, as suspended; and
- (4) the fund balance on hand.

(g) Appropriate adjustments to payments under the suspended grant agreement will be made either by withholding subsequent payments or by not allowing the grant recipient credit for disbursements made in payment of unauthorized obligations incurred during the suspension period.

(h) The Department may reinstate a suspended grant agreement if it determines that conditions warrant such action. Such reinstatement shall be made by the issuance of an amended agreement.

(i) Use of funds in a reinstated project may resume immediately upon reinstatement. The funds unearned at the time of suspension remain available to the grant recipient if approved by the Department.

*History Note: Authority G.S. 143B-10; 143B-276; 143B-277; 143-323(d);
Eff. December 1, 1983;
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Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*