

10A NCAC 97C .1302 TERMINATION OF GRANT AGREEMENT

(a) "Termination of Grant Agreement" means the permanent withdrawal of the grant recipient's authority to obligate previously awarded funds before that authority would otherwise expire under the grant agreement. It may also mean the voluntary relinquishment of that authority by the grant recipient contractor.

(b) Termination of a grant agreement may be accomplished in one of two ways:

- (1) "Termination for Cause". When the Department determines that the grant recipient has failed to comply with the conditions of the grant agreement or applicable laws and regulations.
- (2) "Termination for Convenience". When the Department and the grant recipient determine mutually that the continuation of the grant agreement would not produce beneficial results commensurate with the further expenditure of funds. Termination may be initiated:
 - (A) by the Department with the written consent of the grant recipient, in which case the two parties shall agree upon the termination, the portion to be terminated; or
 - (B) by the grant recipient upon written notification to the Office setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated.

(c) When the Department terminates support for a grant agreement, it will notify the grant recipient in writing of the action to be taken, the reasons for such action, and the right of the grant recipient to appeal the termination.

(d) The conditions of termination shall be:

- (1) When a grant agreement is terminated for cause, the grant recipient shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Department will allow full credit to the grant recipient for the share of the non-cancellable obligations properly incurred by the grant recipient prior to termination.
- (2) When a grant agreement is terminated for convenience, the Office will provide the grant recipient with guidance regarding further eligibility of obligations.

(e) When a grant agreement is terminated, the grant recipient must submit final program and financial reports to the Office. A final audit shall also be conducted. Equipment and supplies purchased with funds (in whole or in part) must be disposed of in accordance with the procedures prescribed by this Subchapter. All conditions required in Rule .1202 of this Subchapter must be followed.

*History Note: Authority G.S. 143B-10; 143B-276; 143B-277; 143-323(d);
Eff. December 1, 1983;
Amended Eff. October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*