**Section 3025.32 Funding Distribution and Handling of Awards**

a) A minimum of 50% of an OSLAD grant award will be paid in advance to the grantee after the grant agreement is fully executed in accordance with the policies and procedures of the Department's Fiscal Office and the Illinois Comptroller's Office.

b) The remainder of the grant award will be paid to the grantee as reimbursements for matching-fund expenditures made by the grantee. Reimbursements will be made on a quarterly basis, subject to the grantee's submission and certification of eligible costs incurred, along with any documentation required by the Department. Expenditure of State funds advanced to the grantee cannot be claimed for reimbursement payments.

c) Grant funds paid in advance must be kept in a separate interest bearing account with a federally or Illinois regulated financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC), and maintained therein until used in the execution of the approved project. All interest earned on grant funds held by a grantee shall become part of the grant principal when earned, and be used for and in the same manner as the principal to fulfill the purposes and objectives of the grant.

d) Interest earned on the advanced payment funds must be accounted for in the grantee's quarterly and final Status Reports. At the completion of the project, remaining earned interest not expended on the project must be returned to the Department in accordance with the directions provided by the Department in the project agreement.

e) If funds are not held in an interest bearing account, the grantee will be responsible for the payment of interest to the Department at a rate equal to twelve percent (12%) per annum.

f) Grant funds received by the grantee as reimbursement of eligible costs expended from grantee matching funds may be kept in a non-interest bearing account at the grantee's discretion. The Department will not consider reimbursed funds, or any interest earned on reimbursed funds, as part of the grant principal.

g) The grant will be administered in accordance with the time limit on expenditure of grant funds under the Illinois Grant Funds Recovery Act [30 ILCS 705/5].

h) Costs incurred prior to the beginning date of the grant award, without prior written permission of the Department, will be disallowed.

(Source: Added at 39 Ill. Reg. 1145, effective December 31, 2014)