**Section 661.502 Audit and Records**

a) The grantee shall maintain books, records, documents, reports and other evidentiary material and accounting procedures and practices that conform to GAAP to properly account for:

1) The receipt and disposition by the grantee of all assistance received for the project, including both State assistance and any matching share or cost sharing; and

2) The costs charged to the project, including all direct and indirect costs of whatever nature incurred for the performance of the project for which the grant has been awarded. The foregoing constitutes "records" for the purposes of this condition.

b) The grantee's facilities, or facilities as may be engaged in the performance of the project for which grant has been awarded, and the grantee's records shall be subject to inspection and audit by the Agency or any authorized representative at the times specified in Section 661.501.

c) The grantee shall preserve and make his or her records available to the Agency or any authorized representative:

1) Until expiration of 3 years from the date of final payment under this grant, and

2) For such longer period, if any, as is required by applicable statute or lawful requirement, or by subsections (d) or (e).

d) If this grant is terminated completely or partially, the records relating to the work terminated shall be preserved and made available for a period of 3 years from the date of any resulting final termination settlement.

e) Records that relate to appeals under Section 661.306, litigation or the settlement of claims arising out of the performance of the project for which this grant was awarded, or costs and expenses of the project as to which exception has been taken by the Agency or any of its duly authorized representatives, shall be retained until all appeals, litigation, claims or exceptions have been disposed.

f) Any failure by the grantee or any contractor or subcontractor of the grantee to make records available to the Agency as required by this Section after 10 days' written notice from the Agency, shall be cause for termination of the grant, pursuant to Section 661.203, and refund to the State of Illinois of any unexpended grant funds in the hands of the grantee, and in addition, refund of any grant funds previously expended by the grantee, contractor or subcontractor found in noncompliance with this Section.

(Source: Amended at 41 Ill. Reg. 13243, effective October 20, 2017)