**Section 886.405 Audit and Records**

a) The loan recipient shall maintain books, records, documents, reports and other evidentiary material, using accounting procedures and practices that conform to generally accepted accounting principles, as established by the Financial Accounting Standards Board, an independent organization, to account properly for:

1) The receipt and disposition by the loan recipient of all financial assistance received for the project, including both State assistance and any local share; and

2) The costs charged to the project for which the loan has been awarded, including all direct and indirect costs of whatever nature incurred in performance of the project.

b) The loan recipient's facilities, or such facilities as may be engaged in the performance of the project for which the loan has been awarded, and the loan recipient's records, shall be subject to inspection and audit by the Agency or any authorized representative at the times specified in Section 886.400 (Access) of this Part.

c) The loan recipient shall preserve records and make records available to the Agency or any authorized representative:

1) For a period of 3 years from the date of final payment under the loan, or for a longer period if required by applicable statute or regulation;

2) For records relating to loan work that has been terminated, for a period of 3 years from the date of termination; or

3) For records relating to disputes and/or appeals, litigation or the settlement of claims arising out of the performance of the project for which the loan was awarded, or costs and expenses of the project to which exception has been taken by the Agency or any of its duly authorized representatives, until disposition of such appeals, litigation, claims or exceptions.