**Section 100.60 Local Administering Agency Designation Suspension, Termination and Revocation**

a) A designated LAA will be permitted to apply for and receive funding available from the State to operate its LIHEAP and IHWAP programs in its Service Area unless one or more of the following events occur:

1) an LAA fails to comply with the current applicable federal and State statutes, regulations and rules, grant agreement terms and conditions or Department policies and procedures governing the LIHEAP and IHWAP programs under this Part, as determined by the Department;

2) an LAA or any of its principals have:

A) made a false representation in connection with the LIHEAP and IHWAP programs under this Part, or any grant award issued by the State;

B) been convicted of or entered a plea of guilty or plea of nolo contendere to a felony or to a misdemeanor, an essential element of which is dishonesty; or

C) been convicted of fraud or other criminal behavior, either related or unrelated to the LIHEAP and IHWAP programs;

3) insolvency or potential insolvency of an LAA or, in the case of a non-governmental entity, loss of non-profit status;

4) an LAA denies the Department access to the LAA's books and records, including but not limited to financial documents;

5) an LAA is suspended or debarred from receiving contracts or grants by any governmental entity; or

6) any other event, as determined by the Department, to be in the best interest of the State.

b) Upon discovery of one or more of the events set forth in subsection (a), the Department will take the following actions, as applicable:

1) conduct a detailed review and investigation of the LAA;

2) temporarily suspend the LAA, withhold further grant payments, and prohibit the LAA from incurring additional obligations pending corrective action by the LAA or a decision by the Department to revoke the LAA's designation. The Department may allow necessary and proper costs that the LAA could not reasonably avoid during the period of suspension;

3) commence a proceeding to revoke the LAA's designation;

4) assign an alternate LAA to operate the LIHEAP and IHWAP programs (that meets all requisite eligibility criteria in accordance with Section 100.40) during the pendency of the suspension or the designation revocation proceeding. The alternate LAA will have the same rights and obligations as any other designated LAA during the temporary assignment.

c) In the event that a designated LAA fails to timely submit an application for grant funding from the State for a certain Program Year, the Department reserves the right to assign an alternate LAA to operate the LIHEAP and IHWAP programs (that meets all requisite eligibility criteria in accordance with Section 100.40) for that Program Year in order to ensure continuity of services and to protect the public interest. The alternate LAA will have the same rights and obligations as any other designated LAA during the temporary assignment.

d) The Department shall provide written notice to the LAA, sent via certified mail, return receipt requested, of the initiation of a suspension or a designation revocation proceeding. The notice will include:

1) the grounds for the suspension or proposed designation revocation;

2) a statement that all funding from the Department will be withheld during the pendency of the suspension and/or designation revocation proceeding;

3) a statement that funding from other State agencies also may be withheld during this period;

4) information regarding the alternate LAA during the pendency of the suspension or designation revocation proceeding, if applicable;

5) a reference to the applicable State law and current Department procedures and policies regarding LAA suspension and designation revocation proceedings; and

6) an opportunity for the LAA to respond to the notice.

e) Any LAA designation revocation proceeding or suspension will adhere to the applicable State law and current Department procedures and policies regarding LAA suspension and designation revocation proceedings for the LIHEAP and IHWAP programs under this Part.

f) If the Department determines that it is in the best interest of the State to revoke the designation of an LAA, the Department will designate a replacement LAA in accordance with current applicable Department procedures and policies. The replacement LAA will have the same rights and obligations as any other designated LAA.

g) When assigning an alternate or replacement LAA under this Section, the Department will give consideration to an entity that is currently designated as an LAA based on performance measures.

h) A designated LAA that desires to discontinue operation of its LIHEAP and IHWAP programs in its Service Area shall send a written communication to the Department stating the reasons for the request. If the Department approves of the LAA's request, the Department shall terminate the LAA's designation and designate a replacement LAA pursuant to this Part. Any LAA designation termination and replacement shall be conducted in a manner to ensure continuity of services in the applicable Service Area.

(Source: Amended at 42 Ill. Reg. 6350, effective March 20, 2018)