**Section 577.195 Grant Funds Recovery**

a) If a grantee fails to comply with this Part or any of the terms of the grant agreement, the Department, after notice and opportunity for hearing, shall suspend or revoke the grant and recover any grant funds previously disbursed to the grantee.

b) If the Department believes that a grant should be suspended, revoked, or recovered because of a grantee's failure to comply with this Part or the terms of the grant agreement, the grantee shall have the opportunity for at least one informal hearing before the Department or the Department's designee to determine the facts and issues and to resolve any conflicts as amicably as possible before any formal recovery action is taken.

c) If, based on the outcome of the informal hearing, the Department believes that a grant should be suspended, revoked or recovered because of a grantee's failure to comply with this Part or the terms of the grant agreement, written notice of the proposed action shall be given to the grantee identifying the action to be taken and specific facts that permit the action. The grantee shall have 35 calendar days after the receipt of the notice to request a formal hearing (see 77 Ill. Adm. Code 100) to show why recovery is not justified or proper.

d) If a grantee requests a hearing pursuant to subsection (c), the Department shall hold a hearing at which the grantee or the grantee's attorney is permitted to present evidence and witnesses to show why the action should not be taken.

e) After the conclusion of the hearing, the Department shall issue a written final order setting forth its findings of fact and decision. A copy of the order shall be sent to the grantee.

f) In addition to the terms of the grant agreement regarding suspension or termination, the Department may suspend or terminate the grant agreement if the grantee breaches the grant agreement, fails to comply with the Act or this Part, makes any material misrepresentation to the Department or creates any situation that constitutes a threat to the public's health, safety, or welfare. Notice of opportunity for hearing will be provided with the notice of suspension. If a grantee requests a hearing pursuant to subsection (c), the Department may not take any action of recovery until at least 35 calendar days after the Department has issued a final recovery order pursuant to subsection (e). If a grantee does not request a hearing, the Department may proceed with recovery of the grant funds identified in the notice at any time after the expiration of the 35 calendar day request period established in subsection (c).

g) Any notice or mailing required or permitted by this Part shall be deemed received five business days after the notice or mailing is deposited in the United States mail, properly addressed with the grantee's current or last known business address and with sufficient U.S. postage affixed.