**Section 800.410 Project Audit**

a) Upon a minimum 24-hour notice, the recipient shall allow the Department to inspect all books and records of the recipient relating to the project or task receiving funds under the contract. The recipient shall maintain the following until the expiration of three years after the project completion:

1) records that identify the expenditure of funds for the projects;

2) supporting source documents;

3) records that are required for the recipient to show compliance with the contract; and

4) records necessary to disclose fully the amount and disposition of funds provided under the contract and charged to an approved project or task, evidencing in detail the nature and propriety of the charges, the total cost of each undertaking for which the assistance was loaned or granted, the amount of the costs of the undertaking supplied by other sources, and books, records, and documents needed for a full and complete verification of recipient's obligations and responsibilities and all payments and charges under the contract. These records include bid specifications, bid advertisement, bids received, copies of contracts and subcontracts, detailed billings, work schedules, labor time sheets, invoices of materials procured, an inventory of materials installed, and invoices of special equipment.

b) The recipient shall maintain a set of accounting records separately identifiable for the project funded by the State.

c) Subcontracts:

The recipient shall include the substance of the provisions of subsection (a) of this Section in all subcontracts entered pursuant to the contract.

d) Overpayment by State:

If the Department's final audit determines that the recipient's allowable costs are less than the amount that has been paid to recipient, that amount will be subtracted from the retained amount provided for in Section 800.380. An allowable cost is a line item, identified on the contract, for which the State has agreed to provide funds. If the retained amount is insufficient for these purposes, the recipient shall repay the Department within ninety days after the Department notifies recipient of the amount of said overpayment. The recipient reserves the right to correct its billing within ninety days after the Department notifies recipient of an overpayment by submitting other allowable costs for reimbursement. The recipient shall repay the State within ninety days after receiving Department notification of adjusted overpayment.