

*****DRAFT - NOT FOR FILING*****

1301:13-7-04 **Grant restrictions and requirements.**

- (A) Grant funds shall not be used for activities or purchases related to an approved grant project prior to formal approval of the grant application by the superintendent and issuance of the grant funds.
- (B) Grant funds shall only be expended by the grantee to whom the grant was awarded and all grant funds must be expended or obligated by a grantee within the grant cycle for which they were awarded. Any grant funds not expended or obligated by the date contained in the grant conditions shall be remitted to the division within thirty days following the end of the grant cycle.
- (C) A final report accounting for all grant funds by a grantee shall be submitted to the division not later than thirty days after the end of the grant cycle. All expenditures and disbursements of grant funds by a grantee shall be subject to generally accepted accounting principles. Any equipment purchased with grant funds shall be retained by the grantee and used in accordance with the terms of the grant award for the useful life of the equipment.
- (D) At any time during the grant funding cycle or after a final report has been submitted by the grantee, the division may require that the grantee undergo an audit of the project administration and implementation. Within ten days after a request by the division, a grantee shall supply original or verifiable copies of all receipts and other appropriate documentation related to disposition of the grant funds and make available for on-site inspection by the division any and all records, books, documents and financial reports upon reasonable notice. These materials must be held for two years from the acceptance of the project final report in the offices of the grantee.
- (E) Failure to comply with any paragraphs of this rule may be considered a misappropriation of funds and shall be investigated by the division. A misappropriation or failure to properly administer grant funds shall result in forfeiture of unexpended grant funds. The grantee shall repay any funds determined by the division to have been inappropriately expended and the grantee may be considered ineligible for funding in future grant cycles.
- (F) If, as a result of an investigation, the superintendent believes that a grantee committed a criminal violation, the superintendent shall report the findings to the appropriate authorities.