**Section 365.470 Ongoing Auditing and Monitoring of Financial Capability**

a) The loan recipient shall maintain books, records, documents, reports, and other evidentiary material in accordance with generally accepted accounting principles and shall be subject to inspection and audit by the Agency or its authorized representative.

b) For purposes of this Section, records shall include, but not be limited to, the following:

1) Documentation of the receipt and disposition by the loan recipient of all financial assistance received for the project, including both State financial assistance and any matching share or cost sharing; and

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

c) The loan recipient shall preserve and make its records available to the Agency or its authorized representative for the following periods:

1) for all costs associated with design and construction, for 3 years after final loan closing;

2) for all other accounting records concerning the loan, for 3 years from the date of the transaction; and

3) for any longer period required by law or by subsections (d) and (e).

d) If the loan is completely or partially terminated, the records relating to the terminated work shall be preserved and made available for 3 years after any resulting final termination settlement.

e) Records that relate to appeals in Section 365.650, litigation or the settlement of claims arising out of the performance of the WPCLP loan project, or to project costs and expenses to which exception has been taken by the Agency or its authorized representatives, shall be retained until the appeals, litigation, claims, or exceptions have been completed.

f) The loan recipient shall maintain a separate account in its books to record the dedicated revenues for loan repayment.

g) The Agency or its authorized representative shall have access to all books, documents, papers, and records of the loan recipient for the purpose of making audit, examination, excerpts, and transcriptions in order to ensure compliance with Section 365.350(a)(9) through (a)(13) and Section 365.470(k).

h) The Agency will monitor all outstanding loans and the financial capability of the loan recipient on an ongoing basis. Upon request of the Agency, loan recipients shall submit additional documentation to support the loan applicant's ongoing ability to repay the loan pursuant to Section 365.350(a)(9) through (a)(13).

i) The loan recipient shall, for the term of the loan, review and adjust the dedicated source of revenue as necessary to provide adequate funds for the repayment of the loan. The loan recipient shall timely notify the Agency of all proposed changes to the dedicated source of revenue.

j) Upon request, the loan recipient shall submit to the Agency a statement on the status of the account required by subsection (f) that contains the status of the dedicated revenue account, including the projected revenues, actual revenues fund balance, debt service obligations, and other requirements of the loan agreement. The Agency's review shall be based on, but is not limited to, ensuring that the dedicated source of revenue is legally authorized, generates sufficient revenue, and is otherwise in accordance with this Part.

k) The loan recipient shall review user charges annually and revise the rates periodically to reflect actual treatment works operation, maintenance, and replacement costs. The Agency may request a report on the status of the user charge system including projected costs, actual costs, revenue generated, and fund balances at any time.

l) In the event that the actual revenues fall short of the amount required to retire the loan, the Agency shall require the loan recipient to reexamine the dedicated revenue source and restructure it as necessary.

m) The loan recipient shall comply with the audit requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Rules (2 CFR 200.Subpart F).

n) Any ordinance authorizing the loan recipient's entry into a loan agreement or dedicating a source of revenue for loan repayment shall not be amended or superseded substantively or materially without the prior written consent of the Agency.

(Source: Amended at 43 Ill. Reg. 11141, effective October 1, 2019)