**Section 511.10 Purpose**

General - All funds disbursed by the Department on a grant basis are subject to reconciliation and the recovery of lapsed funds. Grant funds recovery activity is based on the Illinois Grant Funds Recovery Act [30 ILCS 705]. The reconciliation will be based on one of the following methods at the election of the Department:

a) Eligible Expenditures v. Program Revenue – This method compares the eligible expenditures to the total Department grant revenues by program. An independent audit and associated supplemental revenue and expense schedule and/or Grant Reports may be required from the provider. Eligible expenditures will be determined based on 89 Ill. Adm. Code 509.20, Allowable/Unallowable Costs and specific program requirements, if applicable.

b) Eligible Services Delivered v. Services Projected – This method compares the actual eligible services delivered to the services projected in the contract or agreement. If the services were based on a rate or unit of cost methodology, the number of eligible service units delivered times the rate or unit is compared to the total of all grant payments for that service.

At the beginning of each fiscal year, providers shall be notified in writing by the Department of the method of reconciliation. If the provider is not notified, then the method of reconciliation used in the previous fiscal year shall apply.

(Source: Amended at 26 Ill. Reg. 8558, effective May 31, 2002)