**Section 125.70 Funding Authorization Committee Program Compliance Requirements**

The Funding Authorization Committee shall consist of three members appointed by the Director. One of the three members shall be a member of the Veterans' Advisory Council. The Director shall appoint one member of the Committee as chair. Staff members from the Department, as determined by the Director, shall advise the Committee. The Committee shall meet no less than quarterly at times and places announced by the Department.

a) Funding Authorization Committee Actions

1) The Committee may recommend that a grant application be:

A) approved;

B) not approved;

C) supplemented with more information and reconsidered at the next meeting;

D) held for reconsideration at the next meeting of the Committee; or

E) approved pending meeting standards (see Sections 125.50 and 125.60) not presented to the Committee.

2) Failure of an application to receive a two-thirds vote reflecting subsection (a)(1)(A), (C), (D) or (E) shall be considered to be not approved by the Committee.

b) The Director may veto an approved application, but may not overrule a failure to approve. The Committee may not overrule the Director's veto.

c) Property acquired or developed with program grant assistance may not be converted to a use that would deny use for veterans as provided by terms of the Grant Agreement without prior Department approval.

d) Financial records on approved projects must be maintained and retained by the project sponsor for possible State audit for a period of 5 years after final payment is made by the Department.

e) Grant funds may not be used except pursuant to a written Grant Agreement. In the event of a disbursement of grant funds without a proper Grant Agreement, that disbursement is void and the Department will take action under the Grant Funds Recovery Act [30 ILCS 705] to recover any funds disbursed. At a minimum, a Grant Agreement must:

1) *Describe the purpose of the grant and be signed by the Director and the grantee;*

2) *Specify the manner in which payments will be made, what constitutes permissible expenditure of the grant funds, and the financial controls applicable to the grant;*

3) *The period of time for which the grant is valid;*

4) *Contain a provision that any grantees receiving grant funds are required to permit the Department, the Auditor General, or the Attorney General to inspect and audit any books, records, or papers related to the program, project, or use for which grant funds were provided;*

5) *Contain a provision that all funds remaining at the end of the Grant Agreement or at the expiration of the period of time grant funds are available for expenditure or obligation by the grantee shall be returned to the State within 45 days; and*

6) *Contain a provision in which the grantee certifies under oath that all information in the Grant Agreement is true and correct to the best of the grantee's knowledge, information, and belief; that the funds shall be used only for the purposes described in the Grant Agreement; and that the award of grant funds is conditioned upon such certification.* [730 ILCS 705/4(b)(3) through (6)]

f) The local sponsoring agency is required to enter into a Grant Agreement with the Department for an amount agreed upon as necessary to complete the approved project, specifying the related grant amount and program activity.

g) All grant recipients shall publically acknowledge the grant by a statement on any written material being distributed, a sign located where it may be seen by the general public at the location of real property used by the recipient, a sign or decal on any vehicles or durable equipment purchased pursuant to a grant, or other appropriate public acknowledgement of the grant.

h) It shall be understood by the project sponsor that a Department representative may make periodic inspections of the project as the project progresses, and that an audit must be made by a representative of the Department prior to acceptance of the completed project.

i) Grants are for a period of one year. Expenditure authorizations passed by the Committee may be extended by the Department for no more than 12 months.

j) *For those grants in excess of $25,000, the filing of quarterly reports describing the progress of the program, project, or use and the expenditure of the grant funds related to it* shall be submitted to the Department*.* [30 ILCS 705/4(b)(2)]

k) Each recipient of a program grant must file a report with the Department no later than 30 days after the conclusion of the grant period, detailing the expenditures made by the grantee. If a service grant, the report shall include: specific assistance given to veterans; how many veterans were assisted; an evaluation of whether the service achieved its goals and is valuable enough to continue in operation; and whether the service may continue without continued use of program funding. If a research grant, the report shall include the results of the research, any conclusion that can be drawn from the research, and a report suitable for inclusion in a peer review publication.

l) The sponsoring agency shall indemnify, protect, defend and hold harmless the Department from any and all liability, costs, damages, expenses or claims arising under, through or by virtue of the operation and maintenance of grant-assisted facilities or programs.

m) The applicant's previous grant history with the Department will be considered when reviewing grant applications.

(Source: Amended at 38 Ill. Reg. 7328, effective March 12, 2014)