

9571.0090 WITHHOLDING OF CASH DISBURSEMENTS.

Subpart 1. **Circumstances for withholding.** The department will withhold cash disbursements available for drawdown under a grant, wherever appropriate, in lieu of termination under part 9571.0060 if a grantee is not:

- A. complying with the reporting requirements of the grant as required by its grant contract with the department;
- B. following its submitted and approved work plan or budget or both;
- C. fulfilling the terms of its grant contract; or
- D. maintaining recognition as provided in part 9571.0040, subpart 3.

Subp. 2. **Notice of withholding.** Before withholding cash disbursements, the department will notify the grantee of its defective action or omission, inform the grantee of potential withholding and specify a reasonable date by which corrective action should occur. The specified date must be at least ten working days from the date of the grantee's receipt of the notice of withholding. If the defect is not remedied satisfactorily by the date specified in the notice, the department will begin to withhold available funds after that date. Upon remedying the defect, the department will reimburse the grantee for the time period between the date of the withholding in the notice to the date the defect was remedied if the grantee submits a cash request, with documentation, that clearly substantiates that expenses were used by the grantee to perform services according to the grant contract.

Subp. 3. **Conversion option.** During any time within 90 calendar days following the department's actual withholding of funds, the grantee may, at its option, convert the withholding to a termination under part 9571.0060, subpart 1, item C, with right to a contested case hearing. A grantee must request in writing both a conversion to termination and a contested case hearing. After receipt of a grantee's request for conversion to termination and a contested case hearing, the department must initiate a contested case hearing and the department must initiate contested case proceedings as provided in part 9571.0060, subpart 5. The department will also send the grantee a notice of termination and comply with the other procedural requirements of part 9571.0060, subpart 3 or 4.

Subp. 4. **Notice and termination.** If the grantee has not exercised its right of conversion during 90 days of withholding and if the defect has not been remedied during 90 days of withholding, the department will proceed under part 9571.0060, subpart 1, item D, to terminate the grantee's available funding for a period covering the total of:

- A. the time during which the funds have been withheld; and
- B. the time remaining before the grant expires.

The department must first issue a final notice ten calendar days before proceeding to termination under part 9571.0060. If following a period of funding termination for failure

to remedy a defect, the grantee has still not successfully remedied the identified defect, the department will deny subsequent applications by the grantee under part 9571.0150, subpart 5, item D, until corrective action has occurred.

Statutory Authority: *MS s 256.01; 268.0122; 268.021*

History: *16 SR 2319; 33 SR 1300*

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