

(Rule 0400-46-04-.03, continued)

- (b) The Commissioner will conduct interim building inspections to determine compliance with approved plans and specifications and the loan agreement, as appropriate.
 - (c) The interim inspection reports may be used for determining the amount of the loan payment.
 - (d) The municipality shall notify the Commissioner in writing when the project is complete so that operation and maintenance and final inspections can be conducted by the Commissioner.
- (5) Payments.
- (a) Invoices and requests for payment shall be submitted by the municipality to the Commissioner on a monthly basis.
 - (b) The Commissioner will certify all proper payment requests to the Tennessee Local Development Authority for payment as to eligibility and conformance with the approved plans and specifications.

Authority: T.C.A. §§ 68-221-201 et seq. and 4-5-201 et seq. **Administrative History:** Original rule filed September 16, 2013; effective December 15, 2013. Rule originally numbered 1200-22-04.

0400-46-04-.04 PROJECT CLOSEOUT.

- (1) Upon proper project completion, the Commissioner will certify to the Tennessee Local Development Authority construction completion and project start-up.
- (2) The official project loan files, held at the Department, will be administratively closed out and retained for three (3) years from the close out date.

Authority: T.C.A. §§ 68-221-201 et seq. and 4-5-201 et seq. **Administrative History:** Original rule filed September 16, 2013; effective December 15, 2013. Rule originally numbered 1200-22-04.

...ing basis. Each grantee will program outlays and program on a cash or accrual basis as by the awarding agency. If the agency requires accrual and the grantee's accounting is not normally kept on the basis, the grantee shall not be convert its accounting system to develop such accrual through and analysis of the information on hand.

...ency. The Federal agency shall describe the frequency of the report for each project or program. How often the report will not be required more frequently than quarterly. If the agency does not specify the frequency of the report, it will be submitted quarterly. A final report will be submitted upon expiration or termination of grant support.

...date. When reports are required on a quarterly or semiannual basis, they will be due 30 days after the end of the reporting period. When required on an annual basis, they will be due 90 days after the end of the reporting period. Final reports will be due 30 days after the expiration or termination of grant support.

Cash Transactions Report—

For grants paid by letter or Treasury check advances or transfer of funds, the grantee must submit the Standard Form 272, Cash Transactions Report, and a copy of its continuation sheet, Standard Form 272a, unless the terms of the grant exempt the grantee from submitting the report.

Reports will be used by the agency to monitor cash advances to grantees and to obtain disbursement or outlay information from grantees. The format of the report may be adapted as appropriate. Reporting is to be accomplished with the assistance of automatic processing equipment provided the information to be submitted is not changed in substance.

...ts of Federal cash requirements of Federal cash reports may be required in the section of the report.

...hands of subgrantees. When necessary and feasible by the agency, grantees may be required to report the amount of cash

advances in excess of three days' needs in the hands of their subgrantees or contractors and to provide short narrative explanations of actions taken by the grantee to reduce the excess balances.

(4) *Frequency and due date.* Grantees must submit the report no later than 15 working days following the end of each quarter. However, where an advance either by letter of credit or electronic transfer of funds is authorized at an annualized rate of one million dollars or more, the Federal agency may require the report to be submitted within 15 working days following the end of each month.

(d) *Request for advance or reimbursement—*(1) *Advance payments.* Requests for Treasury check advance payments will be submitted on Standard Form 270, Request for Advance or Reimbursement. (This form will not be used for drawdowns under a letter of credit, electronic funds transfer or when Treasury check advance payments are made to the grantee automatically on a predetermined basis.)

(2) *Reimbursements.* Requests for reimbursement under nonconstruction grants will also be submitted on Standard Form 270. (For reimbursement requests under construction grants, see paragraph (e)(1) of this section.)

(3) The frequency for submitting payment requests is treated in § 31.41(b)(3).

(e) *Outlay report and request for reimbursement for construction programs.* (1) Grants that support construction activities paid by reimbursement method.

(i) Requests for reimbursement under construction grants will be submitted on Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. Federal agencies may, however, prescribe the Request for Advance or Reimbursement form, specified in § 31.41(d), instead of this form.

(ii) The frequency for submitting reimbursement requests is treated in § 31.41(b)(3).

(2) *Grants that support construction activities paid by letter of credit, electronic funds transfer or Treasury check advance.* (i) When a construction grant is paid by letter of credit, electronic funds transfer or Treasury check ad-

vances, the grantee will report its outlays to the Federal agency using Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. The Federal agency will provide any necessary special instruction. However, frequency and due date shall be governed by § 31.41(b)(3) and (4).

(ii) When a construction grant is paid by Treasury check advances based on periodic requests from the grantee, the advances will be requested on the form specified in § 31.41(d).

(iii) The Federal agency may substitute the Financial Status Report specified in § 31.41(b) for the Outlay Report and Request for Reimbursement for Construction Programs.

(3) *Accounting basis.* The accounting basis for the Outlay Report and Request for Reimbursement for Construction Programs shall be governed by § 31.41(b)(2).

§ 31.42 Retention and access requirements for records.

(a) *Applicability.* (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see § 31.36(i)(10).

(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

(3) To avoid duplicate recordkeeping, awarding agencies may make special arrangements with grantees and subgrantees to retain any records which are continuously needed for joint use. The awarding agency will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by the Federal agency, the 3-year retention requirement is not applicable to the grantee or subgrantee.

(c) *Starting date of retention period*—(1) *General*. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

(2) *Real property and equipment records*. The retention period for real property and equipment records starts from the date of the disposition or replacement or transfer at the direction of the awarding agency.

(3) *Records for income transactions after grant or subgrant support*. In some cases grantees must report income after the period of grant support. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's fiscal year in which the income is earned.

(4) *Indirect cost rate proposals, cost allocations plans, etc.* This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(i) *If submitted for negotiation*. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(ii) *If not submitted for negotiation*. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the 3-year retention period for the proposal plan, or computation and its supporting records starts from end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

(d) *Substitution of microfilm*. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

(e) *Access to records*—(1) *Records of grantees and subgrantees*. The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts.

(2) *Expiration of right of access*. The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

(f) *Restrictions on public access*. The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to records Unless required by Federal, State, or local law, grantees and subgrantees are not required to permit public access to their records.

§ 31.43 Enforcement.

(a) *Remedies for noncompliance*. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances: