**Section 1039.60 Grant Agreement**

a) Grant funds may not be expended except pursuant to a written grant agreement, and disbursement of grant funds without a grant agreement is prohibited. At a minimum, a grant agreement shall:

1) Describe the purpose of the grant and be signed by authorized representatives of the Board and the independent college;

2) Specify how payments shall be made and the financial controls applicable to the grant, including an agreement to file quarterly reports describing the progress of the capital projects and the expenditure of the related grant funds;

3) Specify that the use of grant funds will be consistent with Section 1039.85;

4) Specify the period of time for which the grant is valid and the period of time during which grant funds may be expended by the grantee;

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;

6) Contain a provision that any grantees receiving grant funds are required to permit the Board, the Auditor General or the Attorney General to inspect and audit any books, records or papers related to the capital projects for which grant funds were provided;

7) 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 that certification;

8) Provide that the institution shall contract with an external auditor who is a certified public accountant licensed by DFPR to conduct an audit of the expenditure of grant funds provided under this program at the end of the grant period to verify that grant funds were expended pursuant to the grant agreement and not for sectarian purposes or other unauthorized purposes (the audit may be conducted earlier when all funds are expended prior to the end of the grant period).

9) Require grantee to use the interest earned on any grant funds for eligible capital projects. The interest earned on grant funds shall not change the amount of the grant.

10) Contain a provision that if, within 10 years after the completion of any capital project for which a grant was made under this program, the property ceases to meet the nonsectarian requirements of a capital project as defined in this Part or the institution ceases to be an independent college as defined in this Part, the grantee shall refund to the State an amount determined as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Grant Amount ($) 120 Months | x | Duration of Noncompliance  (months) | = | Required Refund ($) |

11) Contain a provision that the grant recipient agrees to comply with the terms of the State Finance Act regarding the business enterprise program practices for State grant recipients when required by law. (See 30 ILCS 105/45.)

b) The Board shall not execute grant agreements until grant recipients have complied with the terms of the State Finance Act regarding the business enterprise program practices for State grant recipients when required by law. (See 30 ILCS 105/45.)

c) The Board shall withhold or suspend the distribution of grant funds for failure to file required quarterly reports.

d) Any independent college that is eligible to receive a redistribution of funds as described in Section 1039.70(d) is subject to the grant agreement terms described in subsections (a), (b) and (c), the use of grant funds described in Section 1039.85, and the audit guidelines described in Section 1039.90.