



LEWIS COUNTY DEVELOPMENT CORPORATION

1. Purpose

The purpose of this policy is to establish clear guidelines and procedures for recapturing grant funds from recipients in cases of non-compliance with the terms and conditions of the grant contract. The policy ensures that funds are used appropriately and in accordance with the stated objectives, promoting accountability and transparency in the management of public or private grants.

2. Scope

This policy applies to all grant recipients who have received funding under a contract or agreement governed by Lewis County Development Corporation or LCDC (the "Grantor"). It applies to all grants where the Grantor has provided funds for specific purposes outlined in the grant contract and for which compliance is a contractual obligation.

3. Definitions

- **Non-Compliance:** The failure of the grant recipient to adhere to the terms, conditions, and requirements set forth in the grant agreement, including but not limited to, failure to meet performance metrics, misuse of funds, failure to submit required reports, or violation of applicable laws and regulations.
- **Grant Recapture:** The process of reclaiming or recovering all or a portion of the grant funds from the recipient due to non-compliance with the terms of the grant contract.
- **Grant Agreement:** The legally binding contract between the Grantor and the recipient that outlines the terms and conditions for the use of grant funds.

4. Conditions for Recapturing Grant Funds

Grant funds may be subject to recapture in cases where the recipient has failed to meet one or more of the following conditions:

1. **Failure to Meet Project Objectives:** If the grant recipient does not achieve the goals or objectives specified in the grant agreement.
2. **Misuse of Funds:** If the grant funds are used for purposes not explicitly authorized in the grant agreement.
3. **Failure to Submit Reports:** If the recipient fails to submit required progress reports, financial reports, or other documentation as stipulated in the grant agreement.
4. **Failure to Comply with Applicable Laws:** If the recipient violates any applicable local, state, or federal laws in relation to the use of grant funds.
5. **Failure to Complete Deliverables:** If the recipient fails to fulfill any required deliverables or milestones outlined in the grant contract.
6. **Inadequate Financial Management:** If the recipient fails to maintain adequate financial records or accounting systems to ensure proper use of funds.



5. Procedure for Grant Recapture

1. Initial Review and Notification

- a. When non-compliance is identified, the Grantor will review the relevant contract and compliance documentation.
- b. The Grantor will issue a written notice to the recipient detailing the non-compliance issues, the specific sections of the grant agreement violated, and the potential recapture of funds.
- c. The recipient will be given a reasonable period (typically 30 days) to respond to the notice, explain the issues, and provide any corrective actions taken or proposed.

2. Assessment and Corrective Actions

- a. If the recipient does not respond or is unable to resolve the non-compliance within the given timeframe, the Grantor will assess the extent of the non-compliance.
- b. The Grantor will consider the severity of the violation, the amount of funds involved, and whether corrective actions have been taken. A final decision will be made regarding the recapture of funds.
- c. In some cases, the Grantor may provide the recipient an opportunity to remedy the non-compliance before recapturing funds.

3. Recapture Process

- a. If the decision is made to recapture funds, the Grantor will issue a formal letter of demand for repayment, specifying the amount to be returned and the timeline for repayment (usually within 30 days).
- b. If the recipient fails to return the funds within the specified timeframe, the Grantor can opt to take additional actions, including legal recourse and/or suspension of future grants.

4. Appeal Process

- a. The recipient has the right to appeal the decision of recapturing funds if they believe it to be unjust or if new evidence comes to light. Appeals should be submitted in writing within 15 business days of receiving the recapture notice.
- b. An independent committee or review panel will assess the appeal, and a final decision will be made. The recipient will be notified in writing of the decision.

6. Responsibilities

- Grantor (Funding Agency): Responsible for monitoring compliance with grant terms, issuing notices of non-compliance, and enforcing the recapture policy when necessary.
- Grant Recipient: Responsible for adhering to the terms and conditions of the grant agreement, using the funds appropriately, and cooperating with the Grantor in resolving any compliance issues.
- Compliance Officer/Program Manager: The individual or team responsible for overseeing the monitoring of grant compliance and initiating the recapture process when necessary..

7. Consequences of Non-Compliance

Failure to comply with the terms of the grant agreement and subsequent recapture of funds may result in the following:

- Loss of Future Grant Opportunities: Non-compliant recipients may be ineligible for future grants or funding from the Grantor.
- Legal Action: The Grantor may pursue legal action to recover the funds through the courts if necessary. Fees incurred for legal proceedings will be passed on to The Grantor.

8. Modifications and Exceptions

This policy may be modified or amended as necessary. Exceptions to this policy can only be made with the approval of the LCDC Board of Directors and must be documented in writing.