

281—16.8(82GA, HF877) Contract termination.

16.8(1) *Termination for convenience.* The contract may be terminated in whole or in part when both parties agree that the continuation of the project would not produce beneficial results commensurate with the future expenditure of funds. The parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The applicant shall not incur new obligations for the terminated portion after the effective date and shall cancel as many outstanding obligations as possible.

16.8(2) *Termination for cause.* The contract may be terminated in whole or in part at any time before the date of completion whenever it is determined by the department that the applicant has failed to comply substantially with the conditions of the contract. The applicant shall be notified in writing by the department of the reasons for the termination and the effective date. The applicant shall not incur new obligations for the terminated portion after the effective date of termination and shall cancel as many outstanding obligations as possible.

The department shall administer preschool program grants contingent upon availability of funding. If there is a lack of funds necessary to fulfill the fiscal responsibility of the preschool program grants, the contracts shall be terminated or renegotiated. The department may terminate or renegotiate a contract upon 30 days' notice when there is a reduction of funds by executive order.

The contract may be terminated in whole or in part by June 30 of the current fiscal year in the event that the applicant has not attained the program standards.

16.8(3) *Responsibility of applicant at termination.* Within 45 days of the termination, the applicant shall supply the department with a financial statement detailing all costs incurred up to the effective date of the termination. If the applicant expends moneys for other than specified budget items approved by the department, the applicant shall return moneys for unapproved expenditures.