

**281—16.6(256C) Removal of approval.**

**16.6(1)** *Removal by agreement.* 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 does not incur new obligations for the terminated portion after the effective date and will cancel as many outstanding obligations as possible.

**16.6(2)** *Department removal for cause.*

*a.* The department may remove approval 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 will be notified in writing by the department of the reasons for the removal of approval and the effective date. The applicant does not incur new obligations for the portion for which approval is removed after the effective date of removal and will cancel as many outstanding obligations as possible.

*b.* The department may remove approval 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.

**16.6(3)** *Responsibility of applicant after removal of approval.* Within 45 days of the removal of approval, the applicant will supply the department with a financial statement detailing all costs incurred up to the effective date of the removal. If the applicant expends moneys for other than specified budget items approved by the department, the applicant will return moneys for unapproved expenditures.

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