

§ 83.14

be granted up to 3 years from the date of notification by the regional director, to acquire replacement property before becoming ineligible.

(2) When such property is used for purposes which interfere with the accomplishment of approved purposes, the violating activities must cease and any adverse effects resulting must be remedied.

(3) When such property is no longer needed or useful for its original purpose, and with prior approval of the regional director, the property shall be used or disposed of as provided in Attachment N of OMB Circular A-102.

(c) Federal Aid funds shall not be used for the purpose of producing income. However, income producing activities incidental to accomplishment of approved purposes are allowable. Income derived from such activities shall be accounted for in the project records and its disposition shall be in accordance with Attachment E of OMB Circular A-102.

§ 83.14 Allowable costs.

Allowable costs are limited to those which are necessary and reasonable for accomplishment of the approved project or action and are in accordance with the cost principles of OMB Circular A-87.

(a) All costs must be supported by source documents or other records as necessary to substantiate the application of funds. Such documentation and records are subject to review by the Secretary to determine the allowability of costs.

(b) Costs incurred prior to the effective date of the project agreement are allowable only when specifically provided for in the project agreement.

(c) Projects or facilities designated to include purposes other than those eligible under the Act shall provide for the allocation of costs among the various purposes. The method used to allocate costs shall produce an equitable distribution of costs based on the relative used or benefits provided.

§ 83.15 Payments.

Payments to the State shall be made for the Federal share of allowable costs incurred by the State in accomplishing approved projects.

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(a) Requests for payments shall be submitted on forms furnished by the regional director.

(b) Payments shall be made only to the office or official specified by the designated State agency and authorized under the laws of the State to receive public funds for the State.

(c) All payments are subject to final determination of allowability based on audit. Any overpayments made to the State shall be recovered as directed by the regional director.

§ 83.16 Maintenance.

The State is responsible for maintenance of all capital improvements acquired or constructed with Federal Aid funds throughout the useful life of each improvement. Costs for such maintenance are allowable when provided for in approved projects. The maintenance of improvements acquired or constructed with non-Federal Aid funds are allowable costs when such improvements are necessary to accomplishment of project purposes as approved by the regional director, and when such costs are otherwise allowable by law.

§ 83.17 Responsibilities.

In the conduct of activities funded under the Act, the State is responsible for:

(a) The supervision of each project to assure that it is conducted consistent with the project documents and that it provides:

- (1) Proper and effective use of funds;
- (2) Maintenance of project records;
- (3) Timely submission of reports;
- (4) Regular inspection and monitoring of work in progress.

(b) The selection and supervision of project personnel to assure that:

(1) Adequate and competent personnel are available to carry the project through to a satisfactory and timely completion;

(2) Project personnel perform the work to ensure that time schedules are met, projected work units are accomplished, other performance objectives are achieved, and reports are submitted as required.

(c) The accountability and control of all assets to assure that they serve the purposes for which acquired throughout their useful life.