

**IOWA DEPARTMENT OF JUSTICE**

**ATTORNEY GENERAL  
BRENN A BIRD**



## Chapter 23 Sanctions and Termination of Funding

The Crime Victim Assistance Division has full discretion to take action if a subrecipient fails to comply with the terms and conditions of a contract, including civil rights requirements, whether stated in a State or Federal statute, regulation, assurance, application, or notice of award.

# Sanctions

If a subrecipient fails to comply with the terms and conditions of a contract, Victim Assistance Section staff may take one or more of the following actions, as appropriate in the circumstances.

1. Place the program on a corrective action plan to remedy the issue.
2. Temporarily withhold cash payments pending correction of the deficiency by the subrecipient.
3. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
4. Require immediate reimbursement for any payment made on an ineligible expense.
5. Wholly or partially suspend or terminate the current contract.
6. Withhold further contracts for the project or program.
7. Place the program on probationary status.
8. Take other remedies that may be legally available.

# Corrective Action

A subrecipient may be put on corrective action if it has exhibited poor financial or programmatic behavior for one or more of the following reasons.

- a. It demonstrates unsatisfactory administrative capacity. Examples include but are not limited to:
  - Consistent high turnover of executive staff;
  - Consistent delinquent program claims, reports and/or contracts;
  - Missing client files;
  - Failure to address issues identified at a site monitoring visit;
  - Findings of discrimination; and/or
  - Exhibits poor board governance that affects service delivery, etc.
- b. It is not financially competent/stable. Examples include but are not limited to:
  - Unresolved audit findings;
  - Significant and continuous claim errors;
  - Financial concerns after on-site monitoring or a desk review; or
  - Other issues concerning financial grant management.
- c. It is not/has not met the goals and deliverables outlined in grant contract.

After repeated efforts to assist an organization to improve performance with little to no progress, Staff will consult and recommend to the VSS Administrator that an organization be placed on corrective action. Staff will outline factors to be incorporated in a corrective action plan and a desired timeline for completion, and/or they will direct the program to create a corrective action plan with a desired timeline and deadline to submit it to Victim Assistance Section for approval.

# Termination of a Contract

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[Administrative Rule 61-9.62(13)(1-3)]

Contracts may be terminated for the following reasons:

**Termination on notice by the Department (CVAD).** Following written notice, the Department may terminate this contract for convenience without the payment of any penalty or incurring any further obligation to the non-terminating party. Following termination upon notice, the Department will pay the Program upon submission of any outstanding performance reports, any active files and/or work product, or anything outlined in the closeout letter issued by the Department. The Program will also need to submit the disposition of any capitalized equipment, invoices and proper proof of claim, for services provided under this contract up to and including the date of termination, minus any funds owed the Department

**Termination for cause by the Department.** The Department may declare the Program to be in default of its obligations under this contract when any of the following events occurs:

1. The Program fails to observe and perform any covenant, condition or obligation created by the contract;
2. The Program fails to make substantial and timely progress toward performance of the contract; or
3. The Program's work product and services fail to conform with the requirements of this contract.

**Termination by the Department due to lack of funds or change in law.** Despite anything in this contract to the contrary, and subject to the limitations, conditions, and procedures set forth below, the Department may terminate this contract without penalty by giving written notice to the Program if any of the following occurs:

1. The legislature or governor fails to appropriate funds sufficient to allow the Department to operate as required and to fulfill its obligations under this contract;
2. If funds are de-appropriated or not allocated;
3. If the federal government reduces or eliminates the federal grant;
4. If the Department's authorization to operate is withdrawn or there a material alteration in the programs administered by the Department; or
5. If the Department's duties are substantially modified.

**Termination on notice by the Program (Subrecipient).** Following written notice, the Program may terminate this contract for convenience without the payment of any penalty or incurring any further obligation to the non-terminating party. Following termination upon notice, the Department will pay the Program upon submission of any outstanding performance reports, any active files and/or work product, or anything outlined in the closeout letter issued by the Department. The Program will also need to submit the disposition of any capitalized equipment, invoices and proper proof of claim, for services provided under this contract up to and including the date of termination, minus any funds owed the Department

## Notice of default

If there is a default event that the Program can cure, the Department must provide written notice to the Program requesting that the breach or noncompliance be immediately remedied. If the breach or noncompliance continues 10 days beyond the date of the written notice, the Department may immediately terminate the contract without additional written notice or enforce the terms and conditions of the contract and seek any legal or equitable remedies. In either event, the Department may seek damages due to the breach or failure to comply with the terms of the contract.

## **Program Remedies**

If the Department terminates this contract due to convenience, cause, lack of funds or change in law as provided above, the Program's exclusive, sole, and complete remedy is the payment for services completed prior to and including the date of termination.

## **Set Off**

Should the Department obtain a money judgment against the Program because of a default under this contract, the Program consents to such judgment being set off from moneys owed the Program by the State of Iowa or any other agency of the State of Iowa under any other contract.

## **Program Duties Upon Termination**

When the Program receives the Department's notice of termination for any reason allowed under this contract, the Program must cease all work under this contract except any work the Department directs the Program to perform. The Program must also comply with the Department's instructions for the timely transfer of any active files and related work product. [Administrative Rule 61—9.63(13)]

## **Indemnification**

The Program agrees to indemnify and hold the State of Iowa, the Department, and the Attorney General's Office harmless from any or all liabilities including, but not limited to:

1. Program's performance or non-performance of a contract entered into, or violation of these local, state and federal rules, laws and regulations; or
2. Program's activities with subcontractors and all other third parties, or any other act or omission by a Program, its agents, officers, and employees [Administrative Rule 61—9.63(13)]; or
3. Any Violation of this Agreement by the Program; or
4. Any negligent acts or omissions of the Program.

