**Section 885.405 Audit and Records**

a) The grantee shall maintain books, records, documents, reports and other evidentiary material, using accounting procedures and practices that conform to generally accepted accounting principles, to account properly for:

1) The receipt and disposition by the grantee of all financial assistance received for the project, including both State assistance and the local share; and

2) The costs charged to the project for which the grant has been awarded, including all direct and indirect costs of whatever nature incurred in performance of the project.

b) The grantee's facilities, or such facilities as may be engaged in the performance of the project for which the grant has been awarded, and the grantee's records shall be subject to inspection and audit by the Agency or any authorized representative at the times specified in Section 885.400 of this Part.

c) The grantee shall preserve records and make records available to the Agency or any authorized representative:

1) Until expiration of 3 years from the date of final payment under this grant;

2) For such longer period, if any, required by applicable statute or regulation;

3) For records relating to grant work that has been terminated, for a period of 3 years from the date of any resulting final termination settlement; or

4) For records relating to disputes and/or appeals, litigation or the settlement of claims arising out of the performance of the project for which the grant was awarded, or costs and expenses of the project to which exception has been taken by the Agency or any of its duly authorized representatives, until disposition of such appeals, litigation, claims, or exceptions.