**Section 974.170 Use of Grant Funds**

a) *Grant funds may not be used except pursuant to a written grant agreement* between the grantee and the Department(Section 4 of the Illinois Grant Funds Recovery Act).

b) *The grant funds may not be used for institutional, organizational or community‑based overhead costs, indirect costs or levies* (Section 21.8 of the Act).

c) Funds shall be used only for the direct cost of administering, operating and maintaining a project or service in accordance with the requirements of the grant agreement. Examples of direct costs that may be allowable under the grant agreement include: personal services costs, such as salaries; contractual services costs, such as fees for consultants; travel costs for personnel to carry out authorized activities; training and education costs; supplies or commodities that are required in the operation of a grant project; equipment directly related to the operation of a grant project.

d) Grant funds shall not be used for promotional expenses, including, but not limited to, calendars, pens, buttons, pins, magnets, gift cards, posters, stationery and any other similar items.

e) The grantee shall document actual expenditures incurred for the purchase of goods and services that are necessary for conducting project activities or services. These expenditures shall be in accordance with a budget approved by, and on file with, the Department.

f) Payments to the grantee shall be on a reimbursement basis. The grantee shall use the designated reimbursement process in the RFA to request reimbursement. The grantee shall document actual expenditures for the purchase of goods and services necessary to carry out the objectives of the grant. Expenditures shall be itemized on the form to establish an audit trail for future verification of the appropriate use of grant funds.

g) The grantee shall submit requests for reimbursement monthly throughout the period of the grant. The final request for reimbursement shall be submitted within 45 calendar days after the end of the funding period.

h) Line-item budget adjustments to reallocate awarded funds shall be submitted to the Department on Department-provided forms.

i) Requirements concerning subgrantees shall be set forth in the grant agreement.  *If any person or entity that obtains grant funds dispenses any part or all of those funds to another person or entity for obligation, expenditure or use by that other person or entity for a specific purpose or purposes, then those funds so dispensed shall be treated as grant funds* (Section 12 of the Illinois Grant Funds Recovery Act).

j) A grantee that subgrants grant funds shall continuously monitor, oversee and manage the subgrantee's use of grant funds and shall ensure that the subgrantee complies with the subgrant agreement.