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20.106); Federal Transit Capital Improvement Trust Fund (CFDA 20.500); Federal Transit Capital & Operating Assistance Trust Fund (CFDA 20.507); and Social Security—Disability Insurance Trust Fund (CFDA 96.001); and

(2) The aggregate payments from the Federal government to States to offset Interest Calculation Costs will not be greater than the aggregate interest payments States make to the Federal government.

§ 205.28 How are interest payments exchanged?

(a) We offset the adjusted total State interest liability and the adjusted total Federal interest liability for each State to determine the net interest payable to or from each specific State. The payment of net interest and any Interest Calculation Costs, as set forth in § 205.27, for the most recently completed fiscal year must occur no later than March 31. We will notify a State of the final net interest liability. A State must submit a claim to receive payment.

(b) A State may appeal a decision by us on interest liabilities and interest calculation cost claims in accordance with § 205.31.

(c) If a State appeals the amount of interest payable in accordance with the provisions of § 205.31, payment must occur by March 31 for any portions not subject to the appeal.

(d) The Federal government will not be liable for interest on any payment of interest to a State.

§ 205.29 What are the State oversight and compliance responsibilities?

(a) A State must designate an official representative with the statutory or administrative authority to coordinate all interaction with the Federal government concerning this subpart A, and must notify us in writing of the representative's name and title. A State must notify us immediately of any change in the official representative.

(b) A State must maintain records supporting interest calculations, clearance patterns, Interest Calculation Costs, and other functions directly pertinent to the implementation and administration of this subpart A for audit purposes. A State must retain the records for each fiscal year for three years from the date the State submits its Annual Report, or until any pending dispute or action involving the records and documents is completed, whichever is later. We, the Comptroller General, and the Inspector General or other representative of a Federal Program Agency must have the right of access to, and may require submission of, all records for the purpose of verifying interest calculations, clearance patterns, interest calculation cost claims, and the State's accounting for Federal funds.

(c) A State's implementation of this subpart A is subject to audit in accordance with 31 U.S.C. Chapter 75, ''Requirements for Single Audits.''

(d) If a State repeatedly or deliberately fails to request funds in accordance with the procedures established for its funding techniques, as set forth in § 205.11, § 205.12, or a Treasury-State agreement, we may deny the State payment or credit for the resulting Federal interest liability, notwithstanding any other provision of this part.

(e) If a State materially fails to comply with this subpart A, we may, in addition to the action described in paragraph (d) of this section, take one or more of the following actions, as appropriate under the circumstances:

(1) Deny the reimbursement of all or a part of the State's interest calculation cost claim;

(2) Send notification of the non-compliance to the affected Federal Program Agency for appropriate action, including, where appropriate, a determination regarding the impact of non-compliance on program funding;

(3) Request a Federal Program Agency or the General Accounting Office to conduct an audit of the State to determine interest owed to the Federal government, and to implement procedures to recover such interest;

(4) Initiate a debt collection process to recover claims owed to the United States; or

(5) Take other remedies legally available.