

§ 550.56

rates or composite fringe benefit rates).

(1) *If submitted for negotiation.* If the Cooperator submits to the REE Agency or the subrecipient submits to the Cooperator the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission.

(2) *If not submitted for negotiation.* If the Cooperator is not required to submit to the REE Agency or the subrecipient is not required to submit to the Cooperator the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

SUSPENSION, TERMINATION, AND ENFORCEMENT

§ 550.56 Purpose of suspension, termination, and enforcement.

Sections §§ 550.57 and 550.58 of this part set forth uniform suspension, termination, and enforcement procedures.

§ 550.57 Suspension and termination.

Awards may be suspended or terminated in whole or in part if paragraphs (a), (b), or (c) of this section apply.

(a) The REE Agency may terminate the award, if a Cooperator materially fails to comply with the provisions of this rule or the terms and conditions of an award.

(b) The REE Agency with the consent of the Cooperator, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

(c) If costs are allowed under an award, the responsibilities of the Cooperator referred to in § 550.32, including those for property management as applicable, shall be considered in the termination of the award, and provision shall be made for continuing responsibilities of the Cooperator after termination, as appropriate.

§ 550.58 Enforcement.

(a) Remedies for noncompliance. If a Cooperator materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, the REE Agency may, in addition to imposing any of the special conditions outlined in § 550.10, take one or more of the following actions.

(1) Temporarily withhold cash payments pending correction of the deficiency by the Cooperator or more severe enforcement action by the REE Agency.

(2) Disallow all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the current award.

(4) Withhold further awards for the project or program.

(5) Take other remedies that may be legally available.

(b) Effects of suspension and termination. Costs of a Cooperator resulting from obligations incurred by the Cooperator during a suspension or after termination of an award are not allowable unless the REE Agency expressly authorizes them in the notice of suspension or termination or thereafter. Other Cooperator costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if paragraphs (b)(1) and (2) of this section apply.

(1) The costs result from obligations which were properly incurred by the Cooperator before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are non-cancellable.

(2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

(3) Relationship to debarment and suspension. The enforcement remedies identified in this section, including suspension and termination, do not preclude a Cooperator from being subject to debarment and suspension under Executive Orders 12549 and 12689 and USDA implementing regulations (7 CFR part 3017).