

## **§ 1499.15**

(2) The subrecipient is prohibited from using sale proceeds, CCC-provided funds, interest, or program income to acquire goods and services, either directly or indirectly through another party, in a manner that violates a U.S. Government economic sanction program, as specified in the agreement.

(3) The subrecipient must pay to the recipient the value of any donated commodities, sale proceeds, CCC-provided funds, interest, or program income that are not used in accordance with the subagreement, or that are lost, damaged, or misused as a result of the subrecipient's failure to exercise reasonable care.

(4) In accordance with § 1499.18 and 2 CFR 200.501(h), a description of the applicable compliance requirements and the subrecipient's compliance responsibility. Methods to ensure compliance may include pre-award audits, monitoring during the agreement, and post-award audits.

(c) A recipient must monitor the actions of a subrecipient as necessary to ensure that donated commodities, sale proceeds, CCC-provided funds, and program income provided to the subrecipient are used for authorized purposes in compliance with applicable U.S. Federal laws and regulations and the subagreement and that performance indicator targets are achieved for both activities and results under the agreement.

[81 FR 62605, Sept. 12, 2016, as amended at 84 FR 45060, Aug. 28, 2019]

### **§ 1499.15 Noncompliance with an agreement.**

If a recipient fails to comply with a Federal statute or regulation or the terms and conditions of the agreement, and CCC determines that the non-compliance cannot be remedied by imposing additional conditions, CCC may take one or more of the actions set forth in 2 CFR 200.338, including initiating a claim as a remedy. CCC may also initiate a claim against a recipient if the donated commodities are damaged or lost, or the sale proceeds, goods received through barter, CCC-provided funds, interest, or program income are misused or lost, due to an action or omission of the recipient.

## **7 CFR Ch. XIV (1–1–22 Edition)**

### **§ 1499.16 Suspension and termination of agreements.**

(a) An agreement or subagreement may be suspended or terminated in accordance with 2 CFR 200.338 or 200.339. CCC may suspend or terminate an agreement if it determines that:

(1) One of the bases in 2 CFR 200.338 or 200.339 for termination or suspension by CCC has been satisfied;

(2) The continuation of the assistance provided under the agreement is no longer necessary or desirable; or

(3) Storage facilities are inadequate to prevent spoilage or waste, or distribution of the donated commodities will result in substantial disincentive to, or interference with, domestic production or marketing in the target country.

(b) If an agreement is terminated, the recipient:

(1) Is responsible for the security and integrity of any undistributed donated commodities and must dispose of such commodities only as agreed to by CCC;

(2) Is responsible for any sale proceeds, CCC-provided funds, interest, or program income that have not been disbursed and must use or return them only as agreed to by CCC; and

(3) Must comply with any closeout and post-closeout provisions specified in the agreement and 2 CFR 200.343 and 200.344.

[81 FR 62605, Sept. 12, 2016, as amended at 84 FR 45060, Aug. 28, 2019]

### **§ 1499.17 Opportunities to object and appeals.**

(a) CCC will provide an opportunity to a recipient to object to, and provide information and documentation challenging, any action taken by CCC pursuant to § 1499.15. CCC will comply with any requirements for hearings, appeals, or other administrative proceedings to which the recipient is entitled under any other statute or regulation applicable to the action involved. For example, if the action taken by CCC pursuant to § 1499.15 is to initiate suspension or debarment proceedings as authorized under 2 CFR parts 180 and 417, then the requirements in 2 CFR parts 180 and 417 will apply instead of the requirements in this section. In the absence of other applicable statutory or