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materiality, an appropriate sample of transactions should be selected for testing. The CPA's workpapers must document that transactions were reviewed for proper allocation between expense and capital accounts.

**§ 1773.43 Capital and equity accounts.**

(a) *Capital stock.* For privately owned companies, the workpapers must include analyses of all stock transactions during the audit period. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing. The CPA's workpapers must document that he/she:

(1) Reviewed the subsidiary records and reconciled them to the general ledger control account;

(2) Reviewed authorizations and issuances or redemptions of capital stock for proper approvals by the board of directors, stockholders, and regulatory commissions;

(3) Determined that transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, and RUS loan documents; and

(4) Determined that transactions were recorded in accordance with the Uniform System of Accounts.

(b) *Memberships.* For cooperative organizations, the workpapers must include an analysis of the membership transactions during the audit period. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing. The CPA's workpapers must document that he/she:

(1) Reviewed the subsidiary records and reconciled them to the general ledger control account; and

(2) Determined that transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, and RUS loan documents.

(c) *Patronage capital, retained earnings, margins, and other equities.* The workpapers must include an analysis of the patronage capital, retained earnings, margins and other equities, and any related reserve accounts. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing.

The CPA's workpapers must document that he/she:

(1) Determined that the transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, RUS loan documents, Uniform System of Accounts, or orders of regulatory commissions;

(2) Traced payments to underlying support; and

(3) Determined whether, under the terms of the RUS security instrument, restrictions of retained earnings or margins are required and, if so, whether they have been properly recorded.

**§ 1773.44 Long-term debt.**

The CPA's workpapers must document that he/she:

(a) Confirmed RUS, FFB, and RTB debt to the appropriate confirmation schedule (RUS Form 690, Confirmation Schedule Obligation to the FFB as of; or Form 691, Confirmation Schedule—Long-term Obligation to RUS as of; or RTB Form 12, Confirmation Schedule);

(b) Confirmed other long-term debt directly with the lender;

(c) Examined notes executed or canceled during the audit period; and

(d) Tested accrued interest computations.

**§ 1773.45 Regulatory liabilities.**

The CPA's workpapers must document whether all regulatory liabilities comply with the requirements of SFAS No. 71. For electric borrowers only, the CPA's workpapers must document whether all regulatory liabilities have received RUS approval.

[59 FR 660, Jan. 6, 1994]

**§§ 1773.46-1773.49 [Reserved]**

**PART 1775—TECHNICAL ASSISTANCE AND TRAINING GRANTS**

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AUTHORITY: 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

SOURCE: 62 FR 33469, June 19, 1997, unless otherwise noted.

### § 1775.1 General.

This part sets forth the policies and procedures for making Technical Assistance grants. Grants for technical assistance and training for water and waste disposal facilities are authorized under section 306(a)(16)(A) of the Consolidated Farm and Rural Development Act, (CONACT), (7 U.S.C. 1926(a)), as amended. Grants for solid waste management are authorized under Section 310B of the CONACT, (7 U.S.C. 1932), as amended. Any processing or servicing activity conducted pursuant to this part involving authorized assistance to Agency employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this title. Applicants for this assistance are required to identify any known relationship or association with an Agency employee.

### § 1775.2 [Reserved]

### § 1775.3 Objectives.

(a) The objectives of the Technical Assistance and Training Grant Program are to:

- (1) Identify and evaluate solutions to water and waste disposal problems in rural areas.
- (2) Assist applicants in preparing applications for water and waste grants

made in accordance with part 1780 of this chapter.

(3) Improve operation and maintenance of existing water and waste disposal facilities in rural areas.

(b) The objectives of the Solid Waste Management Grant Program are to:

(1) Reduce or eliminate pollution of water resources.

(2) Improve planning and management of solid waste sites.

### § 1775.4 Definitions.

*Association.* An entity, including a small city or town, that is eligible for Rural Utilities Service (RUS) water and waste financial assistance in accordance with §1780.7 of this chapter.

*Grantee.* An entity with whom The Agency has entered into a grant agreement under this program to provide technical assistance and/or training to associations as defined in this section.

*Low income.* Median household income below the poverty line for a family of four as defined in Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), or below 80 percent of the Statewide nonmetropolitan median household income.

*Regional.* For purposes of the Solid Waste Management grant program, as implemented through this part, regional is defined as any multi-jurisdictional area including multi-State or any multi-jurisdictional area within a State.

*Rural area.* For water and waste disposal facilities the terms *rural* or *rural area* will not include any area in a city or town with population in excess of 10,000 inhabitants according to the latest decennial census of the United States.

*State.* Any of the fifty States, the Commonwealth of Puerto Rico, the Western Pacific Territories, Marshall Islands, Federated States of Micronesia, Republic of Palau, and the U.S. Virgin Islands.

### § 1775.5 Source of funds.

Technical Assistance and Training grants awarded will be made from not less than one (1) percent or, at the discretion of the Agency Administrator, not more than three (3) percent of any appropriations for grants under Section 306(a)(2) of the CONACT, (7 U.S.C.

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1926(a)). Technical Assistance and Training grant funds not obligated by September 1 of each fiscal year will be used for water and waste grants made in accordance with part 1780 of this chapter. This section does not apply to Solid Waste Management grants.

### § 1775.6 Allocation of funds.

Control of Technical Assistance and Training Grant and Solid Waste Management grant funds will be retained in the National office and allocated on a project case basis. These funds are not available for obligation by States.

### § 1775.7 Eligibility.

(a) Entities eligible for Technical Assistance and Training (TAT) grants are private nonprofit organizations that have been granted tax exempt status by the Internal Revenue Service (IRS) of the United States.

(b) Entities eligible for Solid Waste Management (SWM) grants are nonprofit organizations, including:

(1) Private nonprofit organizations that have been granted tax exempt status by the IRS; and

(2) Public bodies including local governmental-based multi-jurisdictional organizations.

(c) Applicants for either TAT or SWM grants must also have the proven ability, background, experience, legal authority, and actual capacity to provide technical assistance and/or training on a regional basis to associations as provided in § 1775.3.

### § 1775.8 Purpose.

(a) Technical Assistance and/or Training Grants may be used to:

(1) Identify and evaluate solutions to water problems of associations in rural areas relating to:

- (i) Source.
- (ii) Storage.
- (iii) Treatment.
- (iv) Distribution.

(2) Identify and evaluate solutions to waste problems of associations in rural areas relating to:

- (i) Collection.
- (ii) Treatment.
- (iii) Disposal.

(3) Assist associations that have filed a preapplication with the Agency in

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the preparation of water and/or waste loan and/or grant applications.

(4) Provide training to association personnel that will improve the management, operation and maintenance of water and waste disposal facilities.

(5) To pay the expenses associated with providing the technical assistance and/or training authorized in paragraphs (a) (1) through (4) of this section.

(b) Solid Waste Management grants may be used to:

(1) Evaluate current landfill conditions to determine threats to water resources.

(2) Provide technical assistance and/or training to enhance operator skills in the maintenance and operation of active landfills.

(3) Provide technical assistance and/or training to help communities reduce the solid waste stream.

(4) Provide technical assistance and/or training for operators of landfills which are closed or will be closed in the near future with the development/implementation of closure plans, future land use plans, safety and maintenance planning, and closure scheduling within permit requirements.

### § 1775.9 [Reserved]

### § 1775.10 Limitations.

Grant funds may not be used to:

(a) Recruit applications for the Agency's water and waste loan and/or any loan and/or grant program.

(b) Duplicate current services, replacement or substitution of support previously provided such as those performed by an association's consultant in developing a project.

(c) Fund political activities.

(d) Pay for capital assets, the purchase of real estate or vehicles, improve and renovate office space, or repair and maintain privately-owned property.

(e) Pay for construction or operation and maintenance costs.

(f) Pay costs incurred prior to the effective date of grants made under this part.

(g) Pay for technical assistance as defined in this part which duplicates assistance provided to implement an action plan funded by Forest Service (FS)

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under the National Forest-Dependent Rural Communities Economic Diversification Act (7 U.S.C. 6601 note) for 5 continuous years from the date of grant approval by the FS. To avoid duplicate assistance, the grantee shall coordinate with the FS and RUS to ascertain if a grant has been made in a substantially similar geographical or defined local area in a State for technical assistance under the above program. The grantee will provide documentation to FS and RUS regarding the contact with each agency. Under its program, the FS assists rural communities dependent upon national forest resources by establishing rural forestry and economic diversification action teams which prepare action plans. Action plans are intended to provide opportunities to promote economic diversification and enhance local economies dependent upon national forest resources.

### § 1775.11 Equal opportunity requirements.

The policies and regulations contained in subpart E of part 1901 of this title apply to grants made under this part.

### § 1775.12 Environmental requirements.

The policies and regulations contained in subpart G of part 1940 of this title apply to grants made for the purposes in § 1775.8.

### § 1775.13 Preapplications.

(a) Applicants will file an original and one copy of SF-424.1, "Application for Federal Assistance (For Non-construction)," with the appropriate Agency office between October 1 and December 31 each fiscal year. This form is available in all Agency offices. Applicants proposing to provide technical assistance and/or training in only one State will apply through the appropriate State Office. The State Office will review and forward preapplications, with their recommendations, within seven working days to the National Office, Attention: Water and Waste Disposal. Applicants providing technical assistance and/or training in more than one State will forward the preapplication to the Assistant Administrator, Water and

Waste, Rural Utilities Service, Washington, DC 20250. Preapplications for Solid Waste Management grants that cannot be funded in the fiscal year received will not be retained for consideration for funding in the following fiscal year and will be handled as outlined in paragraph (g) of this section.

(b) All preapplications shall be accompanied by:

(1) Evidence of applicant's legal existence and authority in the form of certified copies of organizational documents and a certified list of directors and officers with their respective terms.

(2) Evidence tax exempt status from the Internal Revenue Service.

(3) Brief written narrative which includes items such as:

(i) The proposed service(s) to be provided, including the benefits of the technical assistance and/or training.

(ii) Area to be served.

(iii) Name of association(s) or type of association(s) that will be served.

(iv) Median household income of the population to be served by each association(s).

(v) Grantee's experience, including experience of key staff members and person(s) providing the technical assistance and/or training.

(vi) The number of months duration of the project or service and the estimated time it will take from grant approval to beginning of service.

(vii) Method used to select the association(s) that will receive the service.

(viii) Brief description of how the service will be provided, such as, through currently employed personnel or some other method.

(ix) Method to be used for delivery of the service, including personnel to be utilized and tasks to be contracted, if any.

(4) Latest financial information to show the organization's financial capacity to carry out the proposed work. As a minimum, the information should include a balance sheet and an income statement. A current audit report is preferred.

(5) Estimated breakdown of costs including those to be funded by grantee as well as other sources.

(6) Budget and accounting system in place or proposed.

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(7) Evaluation method to determine if objective(s) of the proposed activity is being accomplished.

(c) Upon receipt of a preapplication, the National Office will:

(1) Review and evaluate the preapplication and accompanying documents;

(2) Request from the Office of General Counsel (OGC), a legal determination of applicant's legal existence and authority to provide technical assistance and/or training. The legal opinion will be obtained from the Regional Attorney servicing the area where the applicant's headquarters is located; and

(3) Normally, respond to the applicant within 45 days after December 31 of each year using Form AD-622, "Notice of Preapplication Review Action," indicating the action taken on the preapplication.

(d) Applicants whose preapplications are found to be ineligible will be given notice by use of Form AD-622 and advised of their appeal rights under subpart B of part 1900 of this title.

(e) Applicants who are eligible, but do not have the priority necessary for further consideration will be notified with Form AD-622, which includes the following statements:

"Your proposal cannot be funded within the available funds."

"You are advised against incurring obligations which cannot be fulfilled without Agency funds."

(f) Applicants that are eligible for funding within the available funds will be provided forms and instructions for filing a complete application. Applicants should be advised against incurring obligations which cannot be fulfilled without Agency funds.

(g) Applicants who have filed preapplications for solid waste management grant funds that cannot be funded within the available funds will be notified, using Form AD-622, that their preapplication will not be retained. They will also be notified that they may file a new preapplication when funds again become available using the following statement:

"If the Agency receives funding for the program in FY \_\_, you may file a new preapplication on or after October 1, 19\_\_."

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**§ 1775.14 Priority.**

(a) The preapplication and supporting information will be used to determine the applicant's priority for available funds for the Technical Assistance and Training Grant program. The following specific criteria will be considered in the competitive selection of Technical Assistance and Training Grant recipients:

(1) Applicant's demonstrated capability and past performance in providing technical assistance and/or training to rural associations.

(2) The extent to which the population of the associations served have low income.

(3) Applicant's financial and if applicable, in-kind resource that will maximize use of technical assistance and/or training funds for direct staffing of activities that are delivered to the associations.

(4) The extent to which the project will be cost effective, including but not limited to the ratio of proposed personnel to the cost of the project, the cost per associations served by the project, and the expected benefits from the project.

(5) How well the proposal coincides with the objectives of the Agency's Water and Waste Disposal program authorized in part 1780 of this chapter.

(6) Applicants proposing to serve multi-state, regional, or nationwide areas.

(7) Applicants whose timeframe for completion of the technical assistance and/or training grant project is 12 months or less.

(b) Preapplications received from local governmental-based, multi-jurisdictional organizations for the SWM grant program will be given priority within the available funds.

**§ 1775.15 [Reserved]**

**§ 1775.16 Application processing.**

(a) Upon notification on Form AD-622 that the applicant is eligible for funding, the following will be submitted to the National Office by the applicant:

(1) SF-424.1.

(2) Proposed scope of work detailing the training and/or technical assistance to be accomplished and timeframes for completion of each task.

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(3) Proposed budget.

(4) Other requested information needed by the Agency to make a grant award determination.

(b) The following forms and documents will be part of the grant docket:

(1) Form RD 400-1, "Equal Opportunity Agreement."

(2) Form RD 400-4, "Assurance Agreement."

(3) Grant Agreement signed by the applicant.

(4) Scope of work prepared by the applicant.

(5) Form RD 1940-1, "Request for Obligation of Funds."

(c) If the applicant fails to submit the application and related material by the date shown on Form AD-622 (normally 30 days from the date of Form AD-622), the Agency may discontinue consideration of the application.

### § 1775.17 [Reserved]

### § 1775.18 Grant approval and obligation of funds.

(a) The National Office will review the application and other documents to determine whether the proposal complies with this part.

(b) All grants made under this part will be approved and obligated by the Agency Administrator or designee.

(c) The obligation of funds will be handled in accordance with part 1780 of this chapter.

(d) An executed copy of the Grant Agreement and scope of work will be sent to the applicant on the obligation date, along with a copy of Form RD 1940-1. The Agency will retain the executed original of the Grant Agreement. The grant will be considered closed on the obligation date.

(e) If the grant is not approved, the applicant will be notified in writing of the reason(s) for rejection. The notification to the applicant will state that a review of this decision by the Agency may be requested by the applicant under subpart B of part 1900 of this title.

### § 1775.19 Fidelity bond.

Prior to the advancing of funds, the grantee will provide fidelity bond coverage for the positions of persons entrusted with the receipt and disburse-

ment of its funds and the custody of valuable property. The amount of the bond will be at least equal to the maximum amount of monies that the grantee will have on hand at any one time for technical assistance and/or training provided in accordance with the Grant Agreement. Unless prohibited by State Law, the United States, acting through the Agency, will be named as co-obligee in the bond. The bond must be obtained from a company listed in Department of Treasury Circular 570, as amended. Form RD 440-24, "Position Fidelity Schedule Bond Declarations," may be used. A certified power-of-attorney with effective date will be attached to the bond.

### §§ 1775.20-1775.21 [Reserved]

### § 1775.22 Fund disbursement.

Grantees will be reimbursed as follows:

(a) Standard Form (SF) 270, "Request for Advance or Reimbursement," will be completed by the applicant and submitted to the National Office not more frequently than monthly.

(b) Upon receipt of a properly completed SF 270, the funds will be requested through the field office terminal system. Ordinarily, payment will be made within 30 days after receipt of a proper request for reimbursement.

(c) Grantees are encouraged to use minority banks (a bank which is owned by at least 50 percent minority group members) for the deposit and disbursement of funds. A list of minority owned banks can be obtained from the Office of Minority Business Enterprise, Department of Commerce, Washington, DC 20230.

### § 1775.23 Grant cancellation or major changes.

If it is determined that a project will not be funded or if major changes in the scope of the project are made after release of the approval announcement, the Administrator will notify the Director of Legislative Affairs and Public Information Staff (LAPIS) giving the reasons for such action. In the case of a grant cancellation, Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," will not be submitted to the Finance Office until 5

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working days after notifying the Director of LAPIS, and grant obligation cancellations will not be submitted to the National Office until 5 working days after notifying the Director of LAPIS.

### § 1775.24 Reporting.

Standard Form (SF) 269, "Financial Status Report," SF 272, "Federal Cash Transactions Report," and a project performance activity report will be required of all grantees on a quarterly basis. A final project performance report will be required with the last SF 269. The final report may serve as the last quarterly report. Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. All multi-state, regional, and nationwide grantees are to submit an original of each report to the National Office. Grantees serving only one State are to submit an original of each report to the State Program Official. The State Program Official will review and forward to the National Office the report with comments. The project performance reports shall include, but not be limited to, the following:

(a) A comparison of actual accomplishments to the objectives established for that period;

(b) Reasons why established objectives were not met;

(c) Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(d) Objectives and timetable established for the next reporting period.

### § 1775.25 Audit.

The grantee will provide an audit report prepared in accordance with § 1780.47 of this chapter within 90 days after project completion.

### § 1775.26 Grant Agreement.

RUS Bulletin 1775-1 is a Grant Agreement which sets forth the procedures

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for making and servicing grants made under this part. Bulletins, instructions and forms referenced are for use in administering grants made under this part and are available from any USDA/Rural Development office or the Rural Utilities Service, United States Department of Agriculture, Washington, D.C. 20250-1500.

### § 1775.27 Grant servicing.

Grants will be serviced in accordance with the grant agreement and subpart E of part 1951 of this title. Subpart B of part 1900 of this title will be followed when grants are terminated for cause.

### § 1775.28 Delegation of authority.

The authority under this part is re-delegated to the Assistant Administrator, Water and Waste, except for the discretionary authority contained in § 1775.5. The Assistant Administrator, Water and Waste may redelegate the authority in this section.

### §§ 1775.29-1775.99 [Reserved]

### § 1775.100 OMB control number.

The collection of information requirements contained in this part have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0123. Public reporting for this collection of information is estimated to vary from 15 minutes to 4 hours per response, with an average of 1 hour per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB 0575-0123), Washington, DC 20503.

## PART 1777—SECTION 306C WWD LOANS AND GRANTS

Sec.  
1777.1 General.