either directly or indirectly, to any financial assistance provided under this part. Such records shall be retained for a period of three years, which starts from the date of the submission of the annual financial status report for the grant period.

§ 740.10 Program review and assistance.
(a) Each State’s program will be reviewed annually by the Council to evaluate program management and accomplishments relative to the approved work plan. The Council shall:
   (1) Review program information including the application, annual reports, and other relevant information; and
   (2) Make onsite visits as frequently as practicable to review the State program to:
      (i) Provide assistance in the administration of the program, and at the request of the State, specific technical assistance in water resources management;
      (ii) Determine whether Council policies, procedures or guidelines need revision to more effectively administer the grant; and
      (iii) Gather information on practical or innovative techniques, methodologies, or other relevant information on the program.
(b) Based on the Council’s annual review of each State program, the following may occur:
   (1) If the program conforms to the requirements of the Act, the State will be advised of its continued eligibility for a grant;
   (2) If it appears that the program does not comply with the requirements of the Act in either design or administration, the Council shall ascertain all the relevant facts. The State shall be notified immediately of the apparent inadequacies of the program with citation of specific requirements of the Act, this part, or other relevant instructions which apparently have not been met. The State shall be given timely opportunity to be heard through the filing of written statements and personal presentations in support of their position. If the Council is satisfied that sufficient adjustments have been made in the design and operation of the program, payments to the State will be continued; and
   (3) If the Council determines on the basis of all the facts that the program still does not meet the requirements of the Act, the Governor shall be notified of the decision and the reasons therefore, and that no further payments shall be made until the noted inadequacies are satisfactorily resolved.

§ 740.11 Federal/State coordination.
The Council will coordinate the program under this part with similar or related programs of other Federal agencies in an effort to achieve consistency and compatibility in the administration of Federal programs.

§ 740.12 Amendments.
The Council may amend all or portions of these guidelines in accordance with established procedures. If it does, it will:
   (a) Consult with appropriate advisory groups;
   (b) Publish such proposed rulemaking in the FEDERAL REGISTER; and
   (c) Simultaneously provide a copy of such proposed changes to each designated agency.

§ 740.13 Supplemental instructions.
As deemed appropriate, the Council may amplify the guidelines in this part by means of supplemental instructions, and may clarify program or administrative requirements set forth in these guidelines by the means of policy bulletins.