

SUBJECT: Rural Cooperative Development Grant Program
Servicing Requirements

TO: State Directors
Rural Development

ATTN: Business and Cooperative Program Directors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify and provide additional guidance regarding the monitoring and reporting associated with servicing a Rural Cooperative Development Grant (RCDG). This AN will also fulfill two of the 2010 Management Control Review (MCR) recommendations for the RCDG program.

COMPARISON WITH PREVIOUS AN:

This AN replaces expired RD AN No. 4195 (4284-F) dated June 22, 2006, which expired on June 30, 2007..

IMPLEMENTATION RESPONSIBILITIES:

In accordance with RD Instruction 4284-A, section 4284.14, Rural Development field staff are responsible for monitoring grants, including completing any servicing actions. This monitoring should include site visits. National Office staff will conduct periodic training for field staff on an as needed basis to ensure there is effective monitoring and servicing guidance available.

1. Site Visits

At least one site visit should be conducted during the grant period. This site visit must also include a compliance review in accordance with RD Instruction 1901-E, section 1901.204 (a)(23). Ideally, a site visit should be conducted before the grant is closed. However, when a grantee has requested advance payments in lieu of reimbursements, a site visit should be conducted prior to obligation of funds to determine if the grantee's financial management system meets the requirements as set forth in 2 CFR 215 and 7 CFR 3019. Additional site visits should be conducted when performance problems become evident during routine monitoring and/or prior to grant close out if necessary.

EXPIRATION DATE:
September 30, 2013

FILING INSTRUCTION:
RD Instructions 4284-F

At a minimum, field staff conducting site visits should observe and record the following at the initial site visit and as applicable, for future visits, with discussion and proposed corrective actions where deficiencies are noted:

- a. Is the grantee in compliance with all conditions set forth in Letter of Conditions and Grant Agreement?*
- b. Are adequate personnel policies and procedures in place?*
- c. Do key staff, personnel time and attendance records and compensation rates reflect information provided in the grant proposal?*
- d. Does the grantee maintain and follow adequate procurement policies and procedures?*
- e. Does the grantee maintain an effective system of control and accountability for funds and property?*
- f. Do records provide current, accurate and complete disclosure of financial results?*
- g. Are expenditures consistent with the original budget?*
- h. Do records adequately identify sources and uses of funds?*
- i. Are matching funds expenditures allowable, appropriately valued and expended at the required rate?*
- j. Is the grantee meeting project goals and objectives as described in the project proposal?*
- k. Is the grantee current on required financial and performance reporting?*

Site visit results must be documented in the case file running record or with a separate site visit form to record results in a consistent way.

Business and Cooperative Programs Assessment Reviews (BCPAR) and the most recent MCR have documented that field staff are making visits to grantees and even to ultimate recipients via confirmation from the grantees. However, these visits are not being documented in the case file. As a result, a program weakness has been documented for the overall administration of the program via the MCR and at each state review via BCPARs. Thus, it is beneficial for the success of the RCDG program to properly document site visits in the case file.

2. Reporting Requirements

States will assure that grantees abide by the reporting requirements of the RCDG program as defined in RD Instruction 4284-A, section 4284.12 and the Grant Agreement. Grantees must submit a SF-425 “Federal Financial Report” and a project performance report on a semiannual basis with reporting periods ending March 31 and September 30. Grants in excess of \$100,000 must report using the SF-PPR “Performance Progress Report”. Also, a final “Financial Status Report” and “Performance Report” are due within 90 days after the completion or termination of the grant. The field staff should review the reports for compliance with the approved work plan and budget, including supporting documentation to show that tasks have been completed (i.e. feasibility study, research or advisory service outcome, training materials, loan or grant documentation).

Project performance reports should include the following:

- a. A comparison of actual accomplishments to the objectives established for that period;
- b. Reasons why established objectives were not met, if applicable;
- c. Reasons for any problems, delays, or adverse conditions, if any, which have affected or will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of specific objectives 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 for the next reporting period.

3. Special Award Conditions

If the grantee is not complying with the Grant Agreement, special award conditions may be imposed (e.g. additional requirements) in accordance with 7 CFR 3019.14. Grantees must be notified in writing as to: the nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed. Any special conditions shall be promptly removed once the conditions that prompted them have been corrected.

If at all possible, please use the special awards conditions as an alternative remedy to termination of the grant. If the grantee is still not responsive after the special award conditions have been imposed, you may terminate the grant in accordance with 7 CFR 3019.61. In some cases, the best avenue is just to terminate the grant. This determination will have to be made on a case-by-case basis and is at the discretion of the approval official.

If you have any questions concerning this AN, please contact Tracey Kennedy at 202-690-1428.

(Signed by LILLIAN SALERNO)

LILLIAN SALERNO
Acting Administrator
Rural Business-Cooperative Service