



UNITED STATES DEPARTMENT OF  
**AGRICULTURE**

# **Cooperative Programs**

**Webinar Training October 28, 2008**

**Director Cooperative Division**

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# Empowerment Zones and Enterprise Communities

Review of Program Regulations, Closeout  
Procedures and Relocation

October 28, 2008

Announcement regarding set-asides – Under the continuing resolution, funds are still available for RD Program set-a-sides or earmarks. Please submit applications now before the end of the EC designation (12/24/08).

Announcement: Please send us your successes or accomplishments for use on the EZEC website and a possible publication

# Agenda

1. Regulation Review
2. Close-out Process and Requirements
3. Relocation

Based on Suzette and Sharon's experiences of the last year or so, we felt it important to review some regulations and then review the close-out process. We also want to make sure each EZEC ends the problem well.

# Regulations Review

- OMB Circular A-110 Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
  - USDA 7 CFR Part 3019 Uniform Administrative Requirements for grants and agreements with institutions of higher education, hospitals, and other non-profit organizations
- OMB Circular A-102 Grants and Cooperative Agreements with State and Local Governments
  - USDA 7 CFR Part 3016 Uniform Administrative Requirements for grants and agreements to State and Local Governments (and N/A Tribal Governments)

These are organized based upon type of organization, whether Nonprofit or state/local/Native America government; then by OMB with the corresponding USDA regulations.

# Regulations - OMB

- OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122 Cost Principles for Non-Profit Organizations
- OMB Circular A-21 Cost Principles for Educational Institutions
  - USDA 7 CFR Part 3015 Uniform Federal Assistance Regulations (A-21, A-48 and CFR31.2)

## Regulations cont'd

- USDA 7 CFR Part 3017 Government Debarment and Suspension (Ex. Order No. 12549, 12689 and others)
- 7 CFR Part 3018 Restrictions on lobbying (Pub. L. 101-121)

# Sec. 3016.20, 3019.21 Standards for Financial Management Systems

Grantees responsible for:

- Accurate, current, and complete disclosure of the grant financial activities
- Records which identify the source and application of funds provided for financially-assisted activities
- Grant or subgrant awards, authorizations, and income

# Sec. 3016.20, 3019.21 Standards for Financial Management Systems

Source documentation:

- Cancelled checks
- Paid bills
- Payrolls, time and attendance records
- Contract and subgrant award documents, etc.

## Sec. 3016.20, 3019.21 Standards for Financial Management Systems

- Cash management: CMIA
- Minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement; and
- Must be followed whenever advance payment procedures are used.

## Sec. 3016.21, 3019.22 Payment

- Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.

## Sec. 3016.36, 3019.41-.48

### Procurement

- Grantees and subgrantees will use their own procurement procedures,
- Reflect applicable State and local laws and regulations, and
- Conform to applicable Federal law and standards identified in this section.

# Sec. 3016.40, 3019.51 Monitoring and Reporting Program Performance

Grantees are responsible for

- Managing grant and subgrant supported programs, functions and activities
- Compliance with applicable Federal reporting requirements
- Achievement of performance goals
- Performance reports must be submitted on a schedule required by agency

## Sec. 3016.24, 3019.23

### Matching or cost sharing

- Federal grants cannot be used as a match for another Federal Grant
- Federal grants cannot be used to pay Federal fines levied against grantees

## Sec. 3016.30, 3019.25

Funds can be moved within the approved budget categories due to

- Unanticipated requirements
- Limited program changes
- Changes should be reflected in benchmark document
- May require prior written approval

## Sec. 3016.41, 3019.51-.52

### Financial Reporting

- Standard Form 269 or 269A, Financial Status Report
- Accounting basis – cash or accrual basis
- Frequency – no more than quarterly (30 days), no less than annually
- Request for advance or reimbursement—  
Standard Form 270

## Sec. 3016.42, 3019.53 Retention and Access Requirements

Applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees

Does not apply to records maintained by contractors or subcontractors

Records must be retained for three years after grant expiration

# Federal Audit

- OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations
  - USDA 7 CFR Part 3052 Audits of States, local governments, and non-profit organizations
  - Grantees and subgrantees are responsible for obtaining audits (Sec. 3052.200(b))
- Annual Audit Report applicable to grantees expending \$500,000 or more in a year in Federal USDA EZEC Grants
- Can be single audit or program specific audit

# 7 CFR 25.202(a); 25.404

## Validation of Designation

- Administration of the strategic plan in a manner consistent with the principles of the Empowerment Program
- Maintaining the Principles of the Program
  - Strategic Vision for Change
  - Participation
  - Community-Based partnerships
  - Economic Opportunity
- Continuous improvement

# 7 CFR 25.202(a); 24.404

## Validation

- Partnerships w/local governments/institutions and regional organizations
  - Public information
  - Keep citizens and partners informed
- Board membership representative of entire socio-economic spectrum
  - 55% elected
  - One member from each census tract
  - Elected and representative of the low income residents

## Sec. 3016.43, 3019.61-.62

### Enforcement

- If Grantee fails to comply with statute or regulation agency may:
  - Temporarily withhold cash payments
  - Suspend or terminate the current award for the grantee's or subgrantee's program
  - Withhold further awards for the program (tax benefits, earmarks)
- Grantee or Subgrantee will be provided an opportunity for hearing, appeal, or other administrative proceeding

# 7 CFR 25.621 Ineligible Grant Purposes

- Relocation of businesses from other communities (more on this later);
- Support or promotion of gambling;
- Political activities and/or lobbying;
- Judgments or debts owed to the United States;

# 7 CFR 25.621 Ineligible Grant Purposes

- Local match required for other federal grants;
- Duplication or replacement of current services or financial support provided from other sources
- Assisting a private business with less than 51 percent ownership by US citizens or legal permanent residents;

# Close-Out Process

Documents to Complete

Property

Audits

Misc

# Close-Out Documents to Complete

Within 90 Days submit the following:

1. Transmittal letter from EZ/EC to USDA Rural Development -  
“Grant is complete and requirements as specified in the MOA and Grant Agreement have been met.”
2. Online annual narrative report
3. Standard Form 269 or 269A: Financial Status Report
4. Final SF-270 to request reimbursement or to request de-obligation of remaining funds

# Disposition of Equipment & Property

- Real property - Sec. 3016.31 (state/local/NA) and 3019.32 (nonprofits)
- Equipment - Sec. 3016.32 (state/local/NA), 3019.34 (nonprofits)
- Supplies - Sec. 3016.33 (state/local/NA), 3019.35 (nonprofits) -- Agency must be compensated for its share of unused supplies of \$5,000 or more if they will not be used for the original program purpose or another federal program

It is highly recommended that the regulations are reviewed, as there are some differences depending upon if the entity is a nonprofit or a state/local/Native American government, especially in regards to equipment, less so with supplies. Please see the appropriate regulations as noted above.

## What Records Should I Keep?

- EZEC Files should be kept for a period of 3 years following the end of the grant.
- In cases where audit findings have not been resolved, or litigation is pending, records should be kept until issue is resolved
- Sources of documentation
  - Cancelled checks
  - Paid bills
  - Payrolls, time and attendance records
  - Contract and subgrant award documents
  - Inventory of supplies

# Audits

- Covered earlier

# RD Will Do the Following

Field Staff will:

- Check on disposition of equipment
- Verify proper records storage and access
- Complete their portion of the Annual Report
- Receive and forward to this office the Final SF-269
- Receive and forward to this office, reimbursement request or de-obligate funds within 90 days.

# RD Will Do the Following

National Office will:

- Within 90 days after receiving of reports, make adjustments to the allowable costs.
- Will make prompt payment for allowable reimbursable costs.
- Close-out the award when it is determined that all applicable administrative actions and all required work of the grant has been completed.
- Send letter of close-out of the grant.

# Continuing Responsibilities

- The close-out of an award does not affect the following (USDA 7 CFR 3019.72, 3016.51):
  - For the agency (USDA) to disallow costs and recover funds on the basis of a later audit or other review. Nor from the recipient returning these costs or funds.
  - Conducting an Audit
  - Property management as it pertains to insurance

# Continuing Responsibilities – USDA CFR 3019.37-nonprofits

- Real property, equipment, intangible property and debt instruments that are acquired or improved with Federal Funds shall be held in trust by the recipient as trustee for the beneficiaries of the program. May be required to record liens or other notices of record to indicate property has been acquired or improved with federal funds and that use and disposition conditions apply to the property

# Questions and Answers

# Q&As

- Q: Can RBEG/Revolving Loan funds be used in the EZ/EC when the designation ends?
- Q: Am I responsible for maintaining my sub-contractor and sub-grantee records following close-out of my grant?

\*\*\*Answers following half second intermission\*\*\*



RBEG Revolving loans – RD will continue to track these funds. The funds, even the revolved funds must continue to work in the EZEC (service area as defined by the application)

## Q&As: What are the rules for adding a developable site?

- Additional site must be approved by locals
- Must not exceed 2,000 acres, with a max. of 3
- Tract numbers must be included in application
- Plans for site development must be included in strategic plan
- Benchmarked

Question from audience: A RD loan using the set-a-side is desired for an EC developable site that has a condition that the city must agree that it can be a developable site. What can we do, as the MOA Amendment has not been signed.

Response: Any chance that the city can do it before 12/24/08? Or ask the city to accept the request we are not telling the city that it must be developed

# Q&A: Why Must I Complete an SF 269?

- Financial status report indicates financial status at close of project.
- Alerts Agency to submit outstanding payments
- Advises grantee to submit payment or refund to agency of cash or obligation balances

## Q&A: What if the Final Report Due Date Can't be Met?

- Request an extension in writing to USDA Rural Development/Cooperative Programs
- Detail reason report date cannot be met and advise us when it will be complete
- Allow 2 weeks for response from CP

# What Next?

- Contact your local Community Development Liaison or Desk Officer in Washington with any questions.
- Notify your local CDL or Desk Officer of any contact or address changes
- Email [[suzette.agans@wdc.usda.gov](mailto:suzette.agans@wdc.usda.gov)] or [[sharon.colbert@wdc.usda.gov](mailto:sharon.colbert@wdc.usda.gov)] with questions

## EZEC Website Information on Graduation, etc.

Graduation Page –  
[<http://www.rurdev.usda.gov/rbs/ezec/graduation/gratuation.html>]

Benchmark Access -  
[<https://bms.sc.egov.usda.gov/>]

OMB Regulations –  
[<http://www.whitehouse.gov/omb/circulars/index.html>]

USDA Regulations –  
[<http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200507>]

A faint, light blue illustration of a rural town. It includes several buildings of varying heights and a prominent water tower with a spherical tank on top. The town is set against a background of rolling green hills.

# Relocation

## GAO Report

# Relocation

## **Strategic Plan 25.202(b) & 25.621(h)**

(6) Must not include any action to assist any establishment in relocating from one area outside the nominated area to the nominated area, except that assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary is permitted if:

# Relocation cont'd

- (i) The establishment of the new branch, affiliate, or subsidiary will not result in a decrease in employment in the area of original location or in any other area where the existing business entity conducts business operations; and
- (ii) There is no reason to believe that the new branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where the existing business entity conducts business operation;

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## Approval of Obligation or Disbursement of Funds USDA Round II and III EZ/EC Program Funds

Fax to: 202-401-7311

**From:** [CD Liaison] [Fax Number]

**To:** USDA-CP, Cooperative Development Division [Desk Officer Name]

**Subject:** [Community Name]

Please indicate whether this is a request for an obligation or a disbursement and the amount (choose only one):  
\_\_\_\_\_Obligation: \$ \_\_\_\_\_  
\_\_\_\_\_Disbursement: \$ \_\_\_\_\_

**Please provide the following information.**

1. Benchmark title(s) and number(s); task title(s) and number(s):  
(General for obligation, detailed for disbursement request)
2. Brief description of each project for which funds are being requested:  
(General for obligation, detailed for disbursement request)
3. Attach time table for activities showing when money will be spent:  
(General for obligation, detailed for disbursement request)

Please circle your response:

4. Environmental assessment required? Yes No  
a. If so, has it been completed? Yes No NA
5. All expenses incurred after MOA signing? Yes No
6. Will grant funds be used for business relocation purposes? Yes No  
*Funds used for business relocation expenses will be disapproved*

Benchmarks are complete and accurate; funds requested are consistent with the Benchmarks.

\_\_\_\_\_  
Signature of State Office, Date

\_\_\_\_\_  
Signature of Director of CDD, Date

Full Screen  
Close Full Screen

# Next Steps

RD Staff send suggestions or volunteer to help us put something quick and easy to satisfy GAO.

THE END



*Committed to the future of rural communities*