

**§ 1703.109**

(a) If the recipient is a for-profit entity, a Telecommunications or Electric borrower, or any other entity not covered by the following paragraph, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773, "Policy on Audits of RUS Borrowers."

(b) If the recipient is a State or local government, or non-profit organization, the recipient shall provide an audit in accordance with 7 CFR part 3052, "Audits of States, Local Governments, and Non-Profit Organizations."

[64 FR 14357, Mar. 25, 1999; 64 FR 25422, May 12, 1999]

**§ 1703.109 Grant and loan administration.**

RUS will conduct reviews as necessary to determine whether the financial assistance was expended for approved purposes. The recipient is responsible for ensuring that the project complies with all applicable regulations, and that the grants and loans are expended only for approved purposes. The recipient is responsible for ensuring that disbursements and expenditures of funds are properly supported by invoices, contracts, bills of sale, canceled checks, or other appropriate forms of evidence, and that such supporting material is provided to RUS, upon request, and is otherwise made available, at the recipient's premises, for review by the RUS representatives, the recipient's certified public accountant, the Office of Inspector General, U. S. Department of Agriculture, the General Accounting Office, and any other official conducting an audit of the recipient's financial statements or records, and program performance for the grants and loans made under this subpart. The recipient shall permit RUS to inspect and copy any records and documents that pertain to the project.

**§ 1703.110 Changes in project objectives or scope.**

The recipient shall obtain prior written approval by RUS for any material change to the scope or objectives of the project, including any changes to the scope of work or the budget submitted to RUS. Any material change shall be contained in a revised scope of work

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plan to be prepared by the recipient, submitted to, and approved by RUS in writing.

**§ 1703.111 Grant and loan termination.**

(a) The financial assistance may be terminated when RUS and the recipient agree upon the conditions of the termination, the effective date of the termination, and, in the case of a partial termination of the financial assistance, any unadvanced portion of the financial assistance to be terminated and any advanced portion of the financial assistance to be returned.

(b) The recipient may terminate the financial assistance by written notification to RUS, providing the reasons for such termination, the effective date, and, in the case of a partial termination, the portion of the financial assistance to be terminated. In the case of a partial termination, if RUS believes that the remaining portion of the financial assistance will not accomplish the approved purposes, then, RUS may terminate the financial assistance in its entirety, pursuant to the provisions of paragraph (a) of this section.

**§ 1703.112 Expedited telecommunications loans**

RUS will expedite consideration and determination of an application submitted by an RUS telecommunications borrower for a loan under the Act or an advance of such loan funds to be used in conjunction with financial assistance under subparts E, F, or G of this part. See 7 CFR part 1737 for loans and 7 CFR part 1744 for advances under this section.

**§§ 1703.113-1703.119 [Reserved]**

**Subpart E—Distance Learning and Telemedicine Grant Program**

SOURCE: 64 FR 14360, Mar. 25, 1999, unless otherwise noted.

**§ 1703.120 Use of grants.**

(a) Grants may be used by eligible organizations for distance learning and telemedicine projects to finance up to 70 percent of the amount designated for approved purposes; at least 30 percent of the project must be funded by

matching contributions. For purposes of determining the applicant's ability to leverage resources in §1703.126(b)(4), the minimum matching contribution of 30 percent of the amount designated for approved purposes equals 42.85 percent of the grant requested.

(b) Only projected costs for approved grant purposes will be considered in determining the amount of DLT grant eligibility in accordance with paragraph (a) of this section.

(c) Funding from Federal sources other than RUS cannot be considered as matching contributions under this subpart.

**§ 1703.121 Approved purposes for grants.**

Grants shall be expended only for the costs associated with the initial capital assets associated with the project. The following are approved grant purposes:

(a) Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

(b) Acquiring instructional programming; and

(c) Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the grant (this purpose shall not exceed 10 percent of the grant).

**§ 1703.122 Matching contributions.**

(a) The grant applicant's minimum matching contribution (as specified in §1703.120) for approved purposes, generally must be in the form of cash. However, in-kind contributions for the purposes listed in §1703.121 may be substituted for cash.

(b) In-kind items listed in §1703.121 must be non-depreciated or new assets with established monetary values. Manufacturers' or service providers' discounts are not considered in-kind matching.

(c) Costs incurred by the applicant, or others on behalf of the applicant, for facilities or equipment installed, or other services rendered prior to submission of a completed application,

shall not be considered as an eligible in-kind matching contribution.

(d) Costs incurred for non-approved purposes for grant outlined in §1703.123 shall not be used as an in-kind matching contribution.

**§ 1703.123 Nonapproved purposes for grants.**

(a) A grant made under this subpart will not be provided or used:

(1) To cover the costs of installing or constructing telecommunications transmission facilities, other than those facilities not available and necessary for the completion of the proposed project and not otherwise available;

(2) To pay for medical equipment not having telemedicine as its essential function;

(3) To pay salaries, wages, or employee benefits to medical or educational personnel;

(4) To pay for the salaries or administrative expenses of the applicant or the project;

(5) To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider unless that service provider is the applicant.

(6) To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application;

(7) To pay costs of preparing the application package for financial assistance under this program;

(8) For projects whose sole objective is to provide links between teachers and students or between medical professionals who are located at the same facility;

(9) For site development and the destruction or alteration of buildings;

(10) For the purchase of land, buildings, or building construction;

(11) For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 *et seq.*);

(12) For any purpose that the Administrator has not specifically approved;

(13) Except for leases provided for in §1703.121, to pay the cost of recurring or operating expenses for the project; or