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(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.

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§ 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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- 1775.100 OMB control number.

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

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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, re-

gional 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.

Statewide Nonmetropolitan Median Household Income (SNMHI). Median household income of the State's nonmetropolitan counties and portions of metropolitan counties outside of cities, towns or places of 50,000 or more population.

[62 FR 33469, June 19, 1997, as amended at 69 FR 65519, Nov. 15, 2004]

§ 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. 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.