national goal of expanding the opportunities for minority business enterprises. A list of minority-owned banks can be obtained from the Office of Minority Business Enterprises, Department of Commerce, Washington, DC 20203.

(e) Retention and Custodial Requirements for Records.

(1) Financial records, supporting documentation, statistical records, and all other records pertinent to the award shall be retained for a period of three years, with the following exceptions:

(i) If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

(ii) Records for nonexpendable property, if any, acquired in part with Federal funds shall be retained for three years after submission of a final report. Nonexpendable property is defined as tangible property having a useful life of more than one year and an acquisition cost of more than \$300 per unit.

(2) The retention period starts from the date of the submission by the LRO of the final expenditure report.

(3) The National Board may request transfer of certain records to its custody from the LRO when it determines that the records possess long-term retention value. The LRO shall make such transfers as requested.

- (4) The Director of FEMA, the Comptroller General of the United States, and the National Board, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient organization, and its subgrantees to make audits, examinations, excerpts and transcripts.
- (f) Financial management systems.
- (1) The LRO/fiscal agent or fiscal conduit shall maintain a financial management system that provides for the following:

(i) Accurate, current and complete disclosures of the financial results of this program.

(ii) Records that identify adequately the source and application of funds for federally supported activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and incomes.

(iii) Effective control over and accountability for all funds, property, and other assets.

(iv) Procedures for determining eligibility of costs in accordance with the provisions of the EFSP manual.

(v) Accounting records that are supported by source documentation.

The LRO must maintain and retain a register of cash receipts and disbursements and original supporting documentation such as purchase orders, invoices, canceled checks, and whatever other documentation is necessary to support its costs under the program.

(vi) A systematic method to ensure timely and appropriate resolution of audit findings and recommendations.

(vii) In cases where more than one civil jurisdiction (e.g., a city and a balance of county, or several counties) recommends awards to the same LRO, the organization can combine these funds in a single account. However, separate program records for each civil jurisdiction award must be kept.

(g) Audit requirements.

(1) If receiving \$25,000 or more from EFSP, the LRO will be eligible to receive funds if it arranges for an audit of funds to coincide with the next scheduled annual audit of its financial affairs. An original and two copies of this audit will be provided to the National Board on request. It is not necessary to have a separate, independent audit for this award so long as program funds are treated as a separate element in the agency's regular annual audit. If the LRO does not have a certified annual audit, its audit must be provided by a Local Board-designated fiscal agent for the recipient organization willing to account for the funds. No funds will be issued to an LRO receiving \$25,000 or more from EFSP in the previous phase that has not completed an annual audit.

(2) If receiving less than \$25,000 from EFSP, there are no independent audit

requirements.

(3) All National Board-funded agencies (both governmental and notfor-profit) that receive \$100,000 or more in Federal funds *must* comply with the OMB Circular A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions, which requires a single organization-wide audit. This \$100,000 could be exclusively EFSP funds or a combination of EFSP funds and other Federal funds which an agency might be receiving. In addition to compliance with the OMB Circular A-133, the National Board requires all EFSPfunded agencies to meet the requirements stated in this plan regarding program compliance, reporting, documentation and submission of documentation.

(h) Payment.

A first payment shall be made to the LRO by the Secretariat upon recommendation of the Local Board and approval by the National Board. An interim report will be mailed with the second and third check requests to be

completed by each agency, signed by the Local Board chair, and mailed to the National Board. Second/third installments will be held until the jurisdiction's final Local Board report and documentation for the previous year has been reviewed and found to be clear.

(i) Financial reporting requirements. LROs shall submit a financial status report to the Local Board which will forward it to the National Board by one month after the jurisdiction's program ending date.

The National Board shall provide the LRO, through the Local Board, with the necessary report forms well in advance

of report deadlines.

(j) Closeout procedures.

(1) The following definitions shall apply to closeout procedures:

Člose-out" is the process by which the National Board determines that all applicable administrative actions and all required work pertaining to the award have been completed.

"Disallowed costs" are those charges that the National Board determined to be unallowable in accordance with the legislation, National Board requirements, applicable Federal cost principles, or other conditions contained in the award. The applicable cost principles for Private Voluntary Organizations are contained in OMB Circular A-122, "Cost Principles Applicable for Non-Profit Agencies," and OMB Circular A-110, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." The applicable cost principles for Public Organizations are contained in OMB Circular A-87, "Cost Principles for State Agencies and Units of Local Governments." If unsure of where to find these circulares, check with your local Congressional Representative.

(k) Lobbying.

(1) Public Law 101–121, Section 319, states that an LRO shall not use Federally appropriated grant funds for lobbying activities. This condition bars the use of Federal money for political activities, but does not in any way restrict lobbying or political activities paid for with non-Federal funds. This condition prohibits the use of Federal grant funds for the following activities:

Federal, State or local electioneering and support of such entities as campaign organizations and political action committees;

(ii) Direct lobbying of the Congress and State legislatures to influence legislation;

(iii) Grassroots lobbying concerning either Federal or State legislation;