

maintenance actions needed to keep the completed practice safe and functioning as intended. Maintenance includes work to prevent deterioration of the practice, repairing damage, or replacement of the practice to its original condition if one or more components fail.

The condition must require the State to assure that any sub-award of Section 319 funds similarly include the same condition in the sub-award. Additionally, such condition must reserve the right of EPA and the State, respectively, to periodically inspect a practice during the life span of the project to ensure that operation and maintenance are occurring, and shall state that, if it is determined that participants are not operating and maintaining practices in an appropriate manner, EPA or the State, respectively, will request a refund for that practice supported by the grant.

The life span of a project will be determined on a case-by-case basis, tailored to the types of practices expected to be funded in a particular project, and should be specified in the grant condition. For assistance in determining the appropriate life span of the project, States may wish to consult with colleagues implementing similar programs, such as USDA's conservation programs. For example, for conservation practices, it may be appropriate to construct the life span consistent with the life span for similar conservation practices as determined by the Commodity Credit Corporation (pursuant to the implementation of the Environmental Quality Incentives Program). Following the approach used in many State and Federal funding programs, practices will generally be operated and maintained for a period of at least five to ten years.

A sub-awardee and the State may agree to transfer a grant to another party. The transferee must be determined by the State to be eligible to participate in the administration of the Section 319 grant and must assume full responsibility under the grant, including operation and maintenance of those practices already installed and to be installed as a condition of the grant. The State should require a participant to refund all or a portion of the grant if the participant sells or loses control of the land under the grant and the new owner or controller is not eligible to participate in the program or refuses to assume responsibility under the contract.

E. Reporting Requirements To Be Included in All Grants

All Section 319(h) grants are subject to EPA's general grant regulations in 40 CFR parts 31 and 35, which specify a

variety of basic grant reporting requirements for awarding grants to States and localities. The grant regulations outline a range of administrative reporting requirements, including performance and financial reports.

In addition to the broad rules specified in 40 CFR parts 31 and 35, section 319 contains two significant provisions that are specifically focused upon reporting for the Section 319 program:

1. Section 319(h)(10) authorizes EPA to request information, data and reports as necessary to determine a State's continuing eligibility to receive Section 319 grants.

2. Section 319(h)(11) requires States to report annually on their progress in meeting the schedule of milestones contained in their nonpoint source management programs, and to report available information on reductions of nonpoint source pollutant loadings and on improvements to water quality resulting from implementation of nonpoint source management programs.

Regions and States should work together to assure that appropriate reporting requirements are incorporated into each grant, either through specific grant conditions, or within the work program document (see Appendix B for generic grant condition language). The specific reporting requirements reflected in that language are discussed immediately below. The Regions and States are encouraged to assess the effectiveness of the reporting process and determine annually if adjustments or modifications are necessary and mutually beneficial.

In general, reporting should be sufficiently detailed to enable a reviewer to ascertain whether outputs and milestones are being achieved on schedule, to identify any problems that may be developing in carrying out tasks in the grant work plan, to identify corrective actions to address such problems expeditiously, and to adequately account for all Federal funds expended.

1. Basic Reporting Requirements

Recipients of funds awarded under Section 319(h) are required by applicable laws and regulations to provide information to EPA under the following reporting categories, each of which is further described below: (a) Grantee performance reports; (b) nonpoint source annual reports; and (c) financial status reports.

a. *Grantee Performance Reports.* 40 CFR section 31.40(b)(1) requires States to submit performance reports on the status of Section 319(h) grants. At a

minimum, States should submit these reports on an annual basis by a date agreed to by the Region and the State. Final reports are due 90 days after the expiration or termination of grant support, pursuant to 40 CFR part 31.

Performance reports should include at a minimum:

- **Performance/Milestone Summary:** A listing of major program and project accomplishments for the period (based on the project and program milestones or commitments contained within approved work plans, grant agreements, or special conditions/agreements), as well as progress made toward meeting future milestones. (The State may accomplish some or all of this reporting requirement through its annual report, as discussed below.)

- **Slippage Reports:** Provide reasons for delays in meeting scheduled milestones/commitments and discuss what actions (State, Federal or other) will be taken to resolve any current or anticipated problems.

- **Additional pertinent information** including, when appropriate, analysis and explanation of cost overruns, unanticipated events/consequences, etc.

b. *Annual Reports.* Section 319(h)(11) requires States to report annually on progress in meeting the schedule of milestones contained in their nonpoint source management programs, and, to the extent that appropriate information is available, report reductions in nonpoint source pollutant loadings and improvements in water quality resulting from program implementation. This information may be provided in a streamlined format suggested immediately below. As noted in Section IV.E.2 below, some States may wish to use the Grants Reporting and Tracking System to meet appropriate portions of their annual reporting requirements.

1. A brief summary of progress in meeting approved milestones and the short- and long-term goals and objectives identified in the State nonpoint source management program.

2. A matrix displaying milestones from the current year for the approved State program with the following information for each milestone:

- a. Applicable project or program
- b. Scheduled project completion date
- c. Percent completed

3. A discussion of the extent to which Federal agencies, lands and activities within the State are supporting the State in meeting approved milestones.

4. A summary of the available information on the extent of reductions in nonpoint source loadings achieved as a result of nonpoint source program implementation. (More detailed information would be provided through