

CHAPTER 6-210

APPLICATION REVIEW AND PROCESSING FOR A WATERSHED COOPERATIVE AGREEMENT

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6-210-00 What does this chapter do?

This chapter explains the programmatic and financial policies and procedures used by us, the Office of Surface Mining Reclamation and Enforcement (OSMRE), to review your Watershed Cooperative Agreement Program (WCAP) applications. It also explains the process we use to award a cooperative agreement to you if we approve your application.

6-210-10 Who will review your application?

Our Watershed Project Coordinator and our Financial Specialist will review and process your application. They must fully coordinate and integrate all aspects of your work with us throughout the life of the project to help ensure its success.

6-210-20 How long will we take to review and process your application?

We will process all complete applications within 60 calendar days of receipt.

6-210-30 How will we do our programmatic review?

- A. Your complete WCAP application will be reviewed by our state Watershed Project Coordinator, or other field or regional staff, who will perform the following actions.
1. Determine if the application is administratively complete and all figures are correct.
 2. Verify if funds are available.

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3. Check the System for Award Management (SAM) and our Applicant Violator System (AVS) to determine whether your organization or its officials are debarred, suspended, voluntarily excluded or ineligible to receive Federal assistance.
4. Contact the state Abandoned Mine Land (AML) program for their eligibility opinion and their input regarding the proposal.
5. Complete the National Environmental Policy Act (NEPA) review. Prepare, or include if prepared by others, necessary environmental documents. Verify receipt of necessary state Historic Preservation Officer (SHPO) and U.S. Fish and Wildlife Service (FWS) clearances.
6. Verify that project information has been entered into Abandoned Mine Land Inventory System (e AMLIS).
7. Conduct a technical evaluation of your proposed project including water quantity and quality, and treatment technology. This evaluation is to help assure the acid mine drainage (AMD) is treatable to proposed expectations, and that long term maintenance and renovation needs are known and addressed in your proposal. The Project Coordinator will work with you as needed to make technical changes to your proposed project to enhance the expected performance of the system.
8. Review your project budget and construction estimate to ensure they are necessary and reasonable to complete the proposed project objectives. The Project Coordinator may use tools such as AMDTreat to assist in evaluating the proposed cost of treating the water.
9. Determine whether your request meets the standard criteria if it exceeds the normal funding caps. This additional determination is required if you propose WCAP funding over \$100,000 for an agreement, or a funding ratio of partner contributions to WCAP funding less than 2.5 to 1. Consider the following criteria:
 - a. Has every reasonable effort been made to secure the additional needed funds from other sources?
 - b. What will the impact be on the proposed project if the additional funds are not provided?
 - c. Does the project have a broad partnership in funding and locally participating individuals, companies or organization?
 - d. Does the project present the potential for exceptional benefits in stream and watershed improvements?

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- e. Is the project part of a comprehensive watershed restoration plan, in which there has been a substantial investment of time and funding by other partners?
 - f. Is our funding being supplemented by a substantial contribution from other partners?
 - g. Does the technology and design selected for the project have a high likelihood of success in treating the water quality and quantity without the need for frequent and expensive system renovations?
- B. The reviewer will document the programmatic review and complete a Findings and Recommendations document. ([See Exhibit 1](#) for the WCAP Programmatic Findings and Review document).

6-210-40 How will we do our financial review?

- A. Our Financial Specialist, or other regional or field staff, will begin the financial review by reviewing your application.
- B. If you are a first-time applicant for WCAP funding, our Financial Specialist will review your internal controls and financial management systems on-site to verify that they are adequate to manage Federal funds. We will contact you to schedule the on-site financial review. We will send you a written notice to confirm the agreed review schedule and tell you what to expect. ([See Exhibit 2](#) for a sample confirmation letter.)
- 1. The reviewer will determine whether the systems are adequate, and suggest improvements where necessary. ([See Exhibit 3](#) for the interview questions and system checklist used during this review.)
 - 2. Below is a list of functions found in an adequate financial system. At a minimum, your system should be capable of performing the following:
 - a. Cash Receipts and Disbursements Journal.
 - b. Method for tracking project funds.
 - c. Method for maintaining source documents.
 - d. Procedures for timely recording of data.
 - e. Ability to summarize periodically.
 - f. Payment procedures.
 - g. Payroll, if applicable.
 - h. Workman's Compensation.
 - i. Payroll taxes.
 - j. Time cards or time sheets by project.

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- k. Job/position descriptions.
 - l. Procurement procedures with Standards of Conduct.
 - m. Property management system (must include all equipment costing at least \$5,000).
3. Our Financial Specialist will use the findings and recommendations memo format in [Exhibit 4](#) to document the financial review, all findings, and the recommendations that were provided to you.
4. If you have previously received funding from us under the WCAP, the Financial Specialist may need to update the original review. If an updated review is not necessary, we will document this determination and include a copy of the initial review in the current project's file.

6-210-50 What are our award procedures?

- A. Our awarding office will decide whether to approve or disapprove your application based on our reviews. If we approve the application, we will award the cooperative agreement. If we disapprove the application, we will notify you in writing of our decision.
- B. Our awarding office must take the following actions to process a cooperative agreement award.
- 1. Before the award, we will provide information about the planned award to our Office of Communications for Congressional and public news release. Our awarding office must follow the notification procedure established by the Office of Communications.
 - 2. We must process our cooperative agreement award through our electronic grant system. Our accounting system will post the award to Treasury's financial assistance payment system, where it will be available for you to request funds.
 - 3. We will send you a written cooperative agreement award document. We will also send you information about programmatic and financial reporting responsibilities, how to manage the agreement, and how to contact us.

6-210-60 What information must be in our official cooperative agreement file?

Our awarding office must maintain the following information in the official cooperative agreement file. This list is considered the minimum level of documentation. We will include additional supporting information and reports as appropriate for the particular application, the recipient, and the awarding office.

- A. Your application as we originally received it, all subsequent additions and revisions, and any other information you sent us.

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- B. Records of all meetings or telephone conversations which provided information on the application.
- C. All our correspondence with you about the application or the award decision.
- D. All our internal reviews of the application or parts of the application.
- E. All explanations or resolutions of questions raised during the review process.
- F. All records or explanations of the timing of the award process, especially any time period when the awarding office could not process the award because it was waiting for actions outside its control, such as your responses to questions or availability of funds.

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EXHIBIT 1

REVIEW FINDINGS AND RECOMMENDATIONS MEMO

Date

Memorandum

To: Appropriate Manager

From: Watershed Project Coordinator

Subject: Watershed Cooperative Agreement Review and Findings and Recommendation

Project Name:

Applicant:

Total Project Cost: \$ _____

OSMRE Contribution: \$ _____

OSMRE Percentage: _____ %

Other Funding: \$ _____

In-Kind Value: \$ _____

Total Number of Partners (including OSMRE): _____

Number of partners providing ONLY funding: _____

Number of partners providing ONLY in-kind services (No funding): _____

Number of partners providing BOTH in-kind services and funding: _____

- I. **SUMMARY OF PROPOSED PROJECT**
- II. **APPLICATION PACKAGE**

The application/case file must contain the following documents to be funded.

	Yes	No	NA
• Completed/signed SF 424, application face sheet	()	()	()
• Signed SF 424D, Construction Assurances	()	()	()
• Program narrative statement – OSM 51(optional form)	()	()	()
• Project budget	()	()	()
• List of officers for AVS and Debarment check	()	()	()
• List of project partners and contributions	()	()	()
• AVS/Debarment checks for applicant and identified contractors/subcontractors. (Additional AVS/Debarment checks on contractors/subcontractors added after award are the responsibility of the applicant, with the assistance of ACSP coordinator, if needed. These checks must be documented in the quarterly and final reports.)	()	()	()

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- Documentation of legal right of access () () ()
- Copy of IRS 501 (c)(3) (non-profit) designation () () ()
- Eligibility opinion () () ()
- Project schedule demonstrating commitment to completion within the two-year period of performance () () ()
- Evidence of coordination with state AML authority () () ()
- Evidence of e-AMLIS update () () ()
- NEPA compliance (categorical exclusion or environmental assessment and Finding of No Significant Impact [FONSI]) as appropriate () () ()
- Federally mandated clearances including USFWS for endangered species (unless delegated to state) and state Historic Preservation Officer (SHPO) () () ()
- Identification of any permits that will be required and assurance from the applicant of compliance prior to construction. (Primary permits of interest to OSMRE are for wetlands, floodplains and stream encroachments and any state environmental permits () () ()
- Long term water quality and quantity information including, at a minimum: flow, pH, acidity, total and ferrous iron, and aluminum. A minimum of 12 monthly samples is preferred () () ()
- A discussion of the treatment technology to be used, and project design, including material quantities, if available () () ()
- A discussion of the long term maintenance, and renovation expectations of the system, and the applicant's plan for addressing those needs () () ()

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III. SUMMARY EVALUATION

The project must have tangible benefits

1. Indicate benefits to be derived from completion of this project:

- Water quality improvement.
- Pollutants removed.
- Stream segments improved or restored.
- Aquatic habitat improved or restored.
- Public water supply improved.
- Fisheries improved.
- Recreation opportunities enhanced.
- Educational opportunities created.
- Aesthetic enhancement.
- Community benefits/pride generated.
- Associated land restoration.
- Health & Safety hazards eliminated.

2. Respond to the following queries about the project.

_____ Project costs are reasonable.

_____ There are provisions for post completion operation and maintenance of the facility.

_____ There are provisions for post-completion water quality monitoring to enable evaluation of long-term success.

_____ There are no outstanding or unresolved issues.

- 3. Discuss treatment technology and water chemistry and evaluate probability of long term success and possible maintenance issues.
- 4. Discuss and evaluate project construction estimate
- 5. Identify what organization is responsible for long term maintenance of the project, and its capabilities.

IV. SUMMARY OF FINDINGS AND RECOMMENDATIONS

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EXHIBIT 2

SAMPLE FINANCIAL REVIEW APPOINTMENT CONFIRMATION LETTER

U.S. DEPARTMENT OF THE INTERIOR
Office of Surface Mining

Dear Applicant:

Your organization's Watershed Cooperative Agreement Program application dated [insert date of application] has been referred for financial review. In accordance with payment requirements outlined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, at 2 CFR Part 200, the Office of Surface Mining Reclamation and Enforcement requires recipients to maintain financial data to provide for the safeguard and accountability of Federal funds.

To ensure [name of organization] meets these requirements, we need to review the following:

- Accounting and payroll records with supporting source documents;
- Written procedures for purchases, accounting system, and cash management; and
- Organizational structure.

Our review will begin at [time] on [date] at [location]. This confirms our telephone conversation of [date] with [contact person for the organization]. If you have any questions, please phone me at [phone number].

Sincerely,

Financial Specialist
Office Location

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EXHIBIT 3

ON-SITE FINANCIAL REVIEW INTERVIEW AND CHECK SHEET

INTERVIEW

Interviewee:

Interviewer:

Date of Interview:

Applicant's Name:

1. Describe your organization, its purpose and history.
2. What type of accounting system does your organization have?
 - Cash/accrual
 - Checking account
 - Manual/computerized _____
3. Who is involved in maintaining your accounting system?
 - Your own staff/or accountant
4. What kind/type of records does your organization maintain (including source documents)?
5. Do you have Federal grants? If yes, how do you keep them separate?
6. Do you know the strings attached to Federal dollars (A110 and A-122)?
7. Do you have any non-Federal funding?
8. Have you had a program review/audit from any source?
9. Do you have written procedures for:
 - Procurement/Contracting
 - Accounting
 - Equipment Management
 - Personnel
 - Hiring
 - Salary Increases
 - Time Cards
 - Position/job descriptions
10. How did you arrive at the budget figures included with your application?

ON-SITE FINANCIAL REVIEW CHECKLIST

Reviewer:

Review Date:

Applicant's Name:

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	Y	N	NA
1. Accounting system capable of tracking OSMRE projects costs?			
- Written procedures?			
- Ability to keep OSMRE funds separate from other funds?			
- Accounting staff?			
- Checking Account?			
2. Internal Control System?			
- Separation of Duties?			
- Source documents summarized periodically?			
3. Maintain general and subsidiary records?			
4. Recent audit/program review?			
5. Written purchasing/procurement/contracting procedures?			
6. Written personnel records/procedures?			
7. Written payroll records/procedures?			
8. Written property management policies/procedures?			
9. Knowledge of OMB Circulars A-110 and A-122?			
10. Reviewed Proposed Project Budget?			
11. Knowledge of Suspension and Debarment for subcontractors?			
12. Does the organization owe the Federal government money? (A-129)			

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EXHIBIT 4

FINANCIAL REVIEW FINDINGS AND RECOMMENDATIONS MEMO

UNITED STATES DEPARTMENT OF THE INTERIOR
Office of Surface Mining

Memorandum

To: Designated Official
From: Watershed Cooperative Agreement Program Financial Specialist
Subject: Financial Review

Applicant Name:

- I. Summary of Findings of the Financial Review in the following areas:
 - Accounting System -
 - Records Management -
 - Cash Management -
 - Internal Controls -
 - Written Procedures -
- II. Summary of System Weaknesses:
- III. Summary of Improvements Recommended and Communicated to the Applicant:
- IV. Technical Assistance Offered:
- V. Recommendation regarding Adequacy of Financial Management System: