



Advance Procedures

USDA RUS ReConnect Program



Rural Development



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Agenda

- Advance and Disbursement of ReConnect Award Funds
- Tips for Success
- Available Resources

Introduction: ReConnect Construction Procedures Guide

- Included in Award Documents provided to ReConnect awardees
- Covers:
 - Advance and distribution of award funds
- Recent changes to guide – Outside Plant Negotiations
- Available to download on the ReConnect website under Forms and Resources:
 - https://www.rd.usda.gov/files/ReConnect_Program_Construction_Procedures_Final.pdf



Rural Development

Advance and Disbursement of ReConnect Award Funds

Introduction to the Award Budget, Pledged Deposit Account, Financial Requirement Statement (FRS), and General Advancing Requirements



Advance and Disbursement of Funds

- **Definitions**

- **Advance:** Transferring funds from RUS to the awardee's pledged deposit account
- **Disbursement:** Payment by the awardee out of the pledged deposit account for approved award purposes (e.g. payment to contractor)
- **Pledged Deposit Account (PDA):** Bank account established and maintained by the awardee to hold all ReConnect project funds including grant, match, equity or required general funds contributions
- **Financial Requirement Statement (FRS):** RUS Form 481 used by awardee to request funds and record/control PDA transactions

Advance and Disbursement of Funds (Cont.)

- Required Forms:
 - <https://www.rd.usda.gov/resources/forms>
- Using “Telecommunications Forms” Link
 - Financial Requirement Statement (FRS) Form 481
 - PDF version Form 481
 - Fillable Excel file
 - Summary of Work Orders RUS Form 771a
 - PDF version Form 771a
 - Instructions for RUS Form 771a



Advance and Disbursement of Funds (Cont.)

- Award documents contain provisions regarding advances and disbursement of award funds by awardees
- All matching and/or funds required for project completion as stated in the Award Documents must be deposited into a Pledged Deposit Account and expended prior to requesting any grant funds, except for eligible pre-application expenses
 - For purposes of advances, all matching funds will be treated as award funds and recorded appropriately on the Financial Requirement Statement
 - If additional funds are required than are available in a budget category, the awardee may request RUS' approval of a budget adjustment to use funds from another budget category per instructions in the Construction Procedures Guide
- Any post-award budget adjustments and/or system design changes must be approved by RUS

Advance and Disbursement of Funds (Cont.)

- **Pledged Deposit Account (PDA)**

- The PDA must only be established in a bank or depository whose deposits are insured by the FDIC or other federal agency acceptable to RUS
- Funds in the PDA must be used solely for the purpose approved in the application and must be withdrawn/disbursed for the approved purposes for which they were requested on the Financial Requirement Statement
- RUS may require that other funds, including match, equity or general fund contributions for project completion, proceeds from the sale of property, interest received on award funds and similar types of receipts be deposited into the PDA
- Funds must be disbursed from the PDA only up to the amount approved for advance as indicated on the Financial Requirement Statement

Advance and Disbursement of Funds (Cont.)

- **Approved Purposes - Contracts**

- OSP Construction – up to 95% approved for advance, 5% withheld until closeout approval
- Equipment and general construction – Up to 90% approved for advance, 10% withheld until closeout approval
- Professional Services:
 - 3rd party Contracts – Up to 90% approved for advance, 10% withheld until closeout approval
 - In-house Engineering – 100%, as supported by timesheets and cost detail sheets

Advance and Disbursement of Funds (Cont.)

- **Approved Purposes - Other**

- Pre-Application Expenses:
 - 100% as supported by itemized invoices or receipts
- Vehicles, Operating, Work & Office Equipment:
 - 100% as supported by itemized invoices
- Rights-of-Way Acquisition, Make-Ready and Permits:
 - 100% as supported by itemized invoices



Advance and Disbursement of Funds (Cont.)

- **Approved Purposes – Approved Work Orders**

- Small-scale construction projects

- Bulletin 1770-1 describes RUS Work Order Procedures

- <https://www.rd.usda.gov/publications/regulations-guidelines/bulletins/utilities>

- RUS Form 771a

- Basis for advancing funds for work orders and RUS Form 773 contracts

- An authorized official of the Awardee must sign and date the form

- If the inspection is performed by a licensed engineer (consultant) or a staff engineer approved by RUS, the engineer must also sign and date the form

- Form must be initialed by the GFR

- Only completed work (purchase and installation of equipment/software, construction of facilities, and associated professional services) must be shown on the form

Advance and Disbursement of Funds (Cont.)

- **Approved Purposes – Approved Work Orders**
- Small-scale construction projects
 - RUS Form 771a (continued)
 - Be part of the approved System Design
 - Be supported by a detailed project description including the method (773 contract, work order, etc.) used to complete the project
 - Identify all labor (including associated engineering services performed under RUS Form 245) and material costs in the respective columns

Advance and Disbursement of Funds – RUS Form 771a

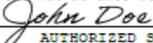
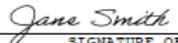
RUS 771a Summary Number 1 Work Order Report

Work orders included on this RUS 771a are as follows:

- DC-01:** This work order was for the purchase and installation of fiber termination panels, fiber tip cables, fiber splitter blocks, fiber guide, cable racking, grounding hardware and other miscellaneous installation materials in the ABC Central Office. The materials were purchased by ABC Telephone Company and the installation work was performed by QRS Network Solutions under a RUS 773 contract. The total amount of the QRS Network Solutions contract is \$12,480. The material purchased under this work order cost \$83,259.00 for a total Net Advances Required of \$95,739.00. The completion date for this project was November 30, 2018.

Each work order description should include:

- 1) A brief description of work performed
- 2) Location where work was performed (include adequate details for ER approval verification)
- 3) Method of construction (773 contract and/or in-house labor)
- 4) Date the work was completed
- 5) Explanation(s) of costs listed in Column (g) of the Form 771a

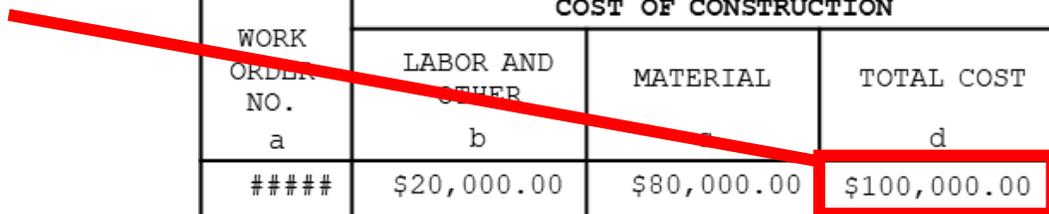
U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE SUMMARY OF WORK ORDERS <small>(Inspection By Licensed Engineer Or Borrower's Staff Engineer)</small>							
				SYSTEM DESIGNATION DC 1700-A61			
INSTRUCTIONS-Prepare 4 copies. Original & 1 copy to be forwarded to the RUS Field Engineer after the construction has been inspected and certified. For detailed instructions, see RUS Bulletin 382-2, Appendix B.				SUMMARY NUMBER 1			
APPROVAL IS REQUESTED FOR THE ENCUMBRANCE OF LOAN FUNDS AS SHOWN IN COLUMN "h" FOR COMPLETE CONSTRUCTION OF SYSTEM IMPROVEMENTS AND EXTENSIONS FOR PURCHASES OF STATION APPARATUS AND EXEMPT MATERIALS.							
WORK ORDER NO.	COST OF CONSTRUCTION			LESS ADVANCES NOT REQUIRED			NET ADVANCES REQUIRED
	LABOR AND OTHER	MATERIAL	TOTAL COST	REUSABLE MATERIALS SALVAGED	STATION APPARATUS & EXEMPT MAT'L	OTHER (Explain)	
a	b	c	d	e	f	g	h
DC-01	\$12,480.00	\$83,259.00	\$95,739.00				\$95,739.00
TOTAL	\$12,480.00	\$83,259.00	\$95,739.00	\$0.00	\$0.00	\$0.00	\$95,739.00
CERTIFICATION							
I certify that, (1) the total costs and net requirements for the construction included above are the actual costs and net requirements for loan funds reflected in the permanent records of this organization, (2) construction, if any, which did not conform to the ACD or SLP approved by RUS has received RUS approval, (3) construction of extensions, if any, to serve subscribers in areas not included in existing loans, has been approved by RUS, (4) all the required acceptance tests have been made on the construction and the results were satisfactory (5) any corrections required on the portions of construction that were field-inspected have been made on all the construction included in the summary, and (6) the requirements of the "Buy American" provision have been complied with where any foreign made materials or equipment were used in the construction. I further certify regulatory body and other approvals required for this construction have been obtained and that there have been no previous requests for approval of the net advance required for the construction covered hereby.							
				 AUTHORIZED SIGNATURE AND TITLE President/General Manager			
01-25-2019		DATE		ABC Telephone Coop.			
		DATE		NAME OF BORROWER			
INSPECTION - CERTIFICATION							
I hereby certify that sufficient inspection has been made of the construction reported by this summary to give me reasonable assurance that the construction complies with applicable specifications and standards and meets appropriate code requirements as to strength and safety. This certification is in accordance with acceptable engineering practice.							
XYZ Engineering Company				Jane Smith			
NAME OF INSPECTION FIRM				INSPECTION PERFORMED BY			
				 SIGNATURE OF LICENSED ENGINEER			
01-14-2019		DATE		1234567891			
		DATE		LICENSE NUMBER			
				SIGNATURE OF BORROWER'S STAFF ENGINEER			
ACCOUNTING VERIFICATION (RUS USE ONLY)							

Advance and Disbursement of Funds – RUS Form 771a (Cont.)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0059. The time required to complete this information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE SUMMARY OF WORK ORDERS (Inspection By Licensed Engineer Or Borrower's Staff Engineer)				SYSTEM DESIGNATION			
INSTRUCTIONS-Prepare 4 copies. Original & 1 copy to be forwarded to the RUS Field Engineer after the construction has been inspected and certified. For detailed instructions, see RUS Bulletin 382-2, Appendix B.				SUMMARY NUMBER			
APPROVAL IS REQUESTED FOR THE ENCUMBRANCE OF LOAN FUNDS AS SHOWN IN COLUMN 'h' FOR COMPLETE CONSTRUCTION OF SYSTEM IMPROVEMENTS AND EXTENSIONS FOR PURCHASES OF STATION APPARATUS AND EXEMPT MATERIALS.							
WORK ORDER NO. a	COST OF CONSTRUCTION			LESS ADVANCES NOT REQUIRED			NET ADVANCES REQUIRED h
	LABOR AND OTHER b	MATERIAL c	TOTAL COST d	REUSABLE MATERIALS SALVAGED e	STATION APPARATUS & EXEMPT MAT'L f	OTHER (Explain) g	
####	\$20,000.00	\$80,000.00	\$100,000.00				
###	\$20,000.00	\$79,999.00	\$99,999.00				

Maximum value for OSP construction = \$1,000,000



Advance and Disbursement of Funds – RUS Form 771a (Cont.)

- **Reimbursement Process**

- RUS Form 771a – Summary of Work Orders

- GFR reviews the supporting documentation (project descriptions, time sheets, invoices, etc.) for each work order listed on the Form 771a
 - GFR signs or initials the Form 771a
 - Awardee submits the signed RUS Form 771a and a separate summary page that gives a detailed description of each work order, along with the RUS Form 481 (FRS)

Advance and Disbursement of Funds – RUS Form 771a (Cont.)

- **Common GFR Review Questions**

- Was the RUS Form 771a completed properly?
- Did awardee submit a detailed project description for each project listed on the RUS Form 771a?
- Are all the costs shown on the RUS Form 771a for completed projects?
- Does the Awardee have proper documentation to adequately support the labor and material costs? (RUS Form 773 contracts, time sheets, invoices for materials, etc.)

Advance and Disbursement of Funds – Approved Work Orders

- **Common GFR Review Questions**

- Are all the projects part of the approved ReConnect application?
- Do any of the projects require environmental approval? If so, has the Awardee received RUS' approval?
- If the Awardee's staff engineer is signing the RUS Form 771a, has this person been approved by RUS to perform In-house Engineering Services?
- Did the Awardee ensure performance bonds were secured for projects exceeding \$250,000 that were completed using RUS Form 773 contracts?

Advance and Disbursement of Funds – Financial Requirement Statement

- **Financial Requirement Statement (FRS) – RUS Form 481**
 - To request funds, Awardees must submit the RUS Form 481, Financial Requirement Statement, along with a cover letter describing the advances (loan, grant or match etc.) desired
 - The FRS is used by RUS and the Awardee to record and control transactions in the Pledged Deposit Account
 - The FRS must be signed by an authorized official of the Awardee who was identified on the RUS Form 675, Certificate of Authority. This form is required as part of the closing the ReConnect Award and releasing the funds

Advance and Disbursement of Funds – Financial Requirement Statement (Cont.)

- **Approved Purposes on the FRS**

- Only approved purposes (contracts and other items) should be shown on the FRS
- Aside from Tower contracts, funds for Form 773 contracts must be requested under “**Approved Work Orders**” and not listed individually on the FRS
- Total funds requested for each approved purpose on the FRS should be within the “**Total Approved for Advance**” amount (Column 2) unless an amendment/closeout has been approved by RUS since the last FRS or an amendment/closeout is submitted with the current submission of the FRS



RUS Form 481 – Financial Requirement Statement (FRS)

USDA-RUS FINANCIAL REQUIREMENT STATEMENT (RUS; RTB; FFB) INST. - Submit an original & 2 copies to RUS. See Bull. 327-1		FORM APPROVED OMB NO. 0672-0023				
RUS USE ONLY		BORR. DESIG. DC 1700-A61	STATEMENT NO. 13	DATE PREPARED Mar. 20, 2020		
DATE RECEIVED		BORROWER NAME AND ADDRESS ABC Telephone Coop. 123 Main Street Suite 600-B Washington DC 20250				
APPROVED PURPOSES (Use Supplemental Sheets as necessary)	AMOUNT ENCUMBERED		TOTAL ADVANCES TO DATE (3)	ADVANCES NOW REQUESTED (4)	RUS USE ONLY ADVANCES CURRENTLY APPROVED (5)	TOTAL DISBURSEMENTS & CREDITS AS OF FEB-20 (6)
	RUS USE ONLY WITHHELD ON CONTRACT (1)	TOTAL APPROVED FOR ADVANCE (2)				
1. Construction						
a. OSP Ct. A-3 (F)		2,088,746	2,088,745		1	2,088,745
b. SE Ct. A-4 (F)		723,519	723,519			723,519
c.						
d.						
e.						
f.						
g.						
2. Engineering a. Pre-App. Exp.		4,261	4,261			4,261
b. Engineering Ct. A-1E (F)		601,591	377,306	224,285	224,285	377,306
c. Engineering Ct. A-2E (Final)		8,188	8,188			8,188
3. Operating Equip.						
a.						
4. General-a.						
b.						
c. RTB Stock						
5. Operating Funds						
6. Debt Retirement						
7. Acquisitions-a.						
b.						
8a. Closed Budget-Unaudited						
8b. Closed Budget-Audited						
9 Subtotals-All Funds		3,426,305	3,202,019	224,285	224,286	3,202,019
10. Sale of Property						
11. Other-a Req'd Non-Award Funds		(1,146,707)	(1,015,117)	(131,590)	(131,590)	(1,015,117)
b.						
c.						
12. Net Totals - Loan Funds		2,279,598	2,186,902	92,695	92,696	2,186,902
13. LOAN AWARD	TOTAL AWARD				17. Cash Bal. Per Gen. Ledger	148,443
	UNDER NOTE				18. Adv. Not Deposited	
14. GRANT AWARD	2,279,598		2,186,902	92,696	19. Other Adjustments (Specify)	(148,443)
15.					20. Total Item 12, Col 6+17,18&19	2,186,902
16. TOTAL	2,279,598		2,186,902	92,696	21. Funds Not Released	
UNENCUMBERED RESERVES (This Space For RUS Use Only)						
Network & Access Equipment			General and Contingency			
Outside Plant and Station Equipment			Customer Premise Equipment			
Land and Buildings			Towers			
Engineering-a.			Total Unencumbered Reserves			
<p align="center">CERTIFICATION</p> <p><i>On behalf of the designated borrower, I request that the amount set forth as "Advances Now Requested" (Item 12, Col. 4 above) be advanced under the loan contract. "Loan contract" includes in addition to the RUS and RTB loan contracts, the Federal Financing Bank - RUS Loan Commitment Agreement, and the related Commitment Notice and correspondence concerning loan terms and conditions. I certify that the amount so requested is for a purpose or purposes for which funds have either been approved for advance or for which approval is requested herewith; that the amount advanced will be deposited in the Trustee, RUS Construction Fund account of the corporation in the _____ Bank Name _____ bank, which is a member of the FDIC; that the loan and other funds required to be deposited in such bank account will be disbursed only for the purposes and not to exceed the amounts approved for each purpose in Column (2) "Total Approved for Advance" of the Financial Requirement Statement; that the cash balance shown hereon is the balance of the Construction Fund-Trustee account of the general ledger as of February 29, 2020 _____; and that the disbursements reported in Column (6) were made in the amounts stated for each purpose; all in accordance with the provisions of the loan contract.</i></p>						
SIGNATURE (ORIGINAL MUST APPEAR ON EACH PAGE)			TITLE (Authorized Corporate Officer or Manager)			
John Doe			President / General Manager			

- Columns 1 and 2 can be completed by the Awardee but will be updated by RUS
- Columns 3, 4 and 6 should be completed by the Awardee
- Column 5 will be completed by RUS
- Column 6 should NOT exceed Column 3
- Item 17: Construction Fund Account (PDA)
- Column 3, Line Item 12 must equal to Line Item 20 (Column 6, Line Item 12, + Line Item 17 + Line Item 18 + Line Item 19)

RUS Form 481 – Financial Requirement Statement (FRS)

Example – FRS showing line-items with Improper Amounts

Approved Purposes	Withheld Amount (RUS Use) (1)	Total Approved for Advance (2)	Total Advances to Date (3)	Advances Now Requested (4)	Advances Currently Approved (RUS Use) (5)	Total Disbursements & Credits As of Feb '20 (6)
OSP Ct. A-1X	5,000	95,000	30,000	70,000		30,000
OSP Ct. A-1X (OFM)		10,000	0	10,000		10,000
SE Ct. A-2	1,000	9,000	2,000	7,000		10,000
ENG Ct. A-3E	3,000	27,000	27,000			33,750
COE Ct. A-4 (F)		45,000	45,000			45,000

Advance and Disbursement of Funds – Funding Sequence

- **Funding Sequence**

- Combination (50/50 Loan/Grant) Awards

- Eligible pre-application expenses will be funded with grant funds on the first advance request after which all loan funds must be fully drawn down before a request for additional grant funds is submitted to RUS

- Eligible pre-application expenses will be funded with grant funds on the first advance request after which all **equity funds substituted in lieu of loan funds** must be fully expended before a request for additional grant funds is submitted to RUS

- 100% Grant Awards

- Eligible pre-application expenses will be funded with grant funds on the first advance request after which all match funds must be fully expended before a request for additional grant funds is submitted to RUS

Tips for Timely Processing of FRSs

- FRSs are reviewed on a first-come, first-serve basis
- Ensure all executed documents and certifications are signed by authorized officials
- Establish a working relationship with your RUS General Field Representatives (GFR)
- Submit complete documentation
- Minor oversights can cause major delays
- Be realistic with review & approval timeframes



Tips for Success

- Understand ReConnect Program rules and requirements that may be unique to your ReConnect project
- Become familiar with award documents and the ReConnect Construction Procedures Guide
- Plan construction/buildout activities keeping in mind seasonal construction windows and timelines
- Maintain compliance with all reporting requirements in award documents
- Maintain accurate and verifiable records sufficient to meet Federal procurement requirements in 2 CFR 200



Available Resources

- **ReConnect website:**
 - <https://reconnect.usda.gov>
- **RUS Contract Forms:**
 - <https://www.rd.usda.gov/resources/forms>
- **General Field Representativess (GFRs)**
 - <https://www.rd.usda.gov/contact-us/telecom-gfr/all>
- **RUS Portfolio Management & Risk Assessment Division**
 - (202) 720-1025



Available Resources – RUS Forms

Using “Telecommunications Forms” link

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

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Forms

HOME » RESOURCES » FORMS

E-Forms

eForms allows you to search for and complete forms requesting services from Farm Service Agency (FSA), Natural Conservation Service (NRCS), and Rural Development (RD).

Departmental Forms

Departmental forms are approved computer-generated forms from Rural Development's Office of the Chief Information Officer.

Formularios en Español

Forms that are translated to Spanish

RUS Forms

Search Title	Description	Search
<input type="text"/>	<input type="text"/>	<input type="button" value="Search"/>

- ▶ Electric Forms
- ▶ **Telecommunications Forms**
- ▶ RUS Wide Forms (E & T)





Rural Development