

an organization (applicant) shall be responsible. To determine responsibility, DOL conducts a preaward review of all grant applicants. As part of this review, DOL applies 13 basic responsibility tests to each applicant, included in paragraphs (b) and (c) of this section.

(b) If a grant applicant fails either of the following two responsibility tests, it shall not be designated as a grantee:

(1) The Department's efforts to recover debts from the applicant (for which three demand letters have been sent) established by final Department action have been unsuccessful, or the applicant has failed to comply with an approved repayment plan.

(2) Fraud or criminal activity has been determined to exist within the organization.

(c) Eleven additional basic responsibility tests are applied to each grant applicant. Failure to meet any one of these tests does not establish that the applicant is not responsible, unless the failure is substantial or persistent. These tests are as follows:

(1) Serious administrative deficiencies have been identified, such as failure to maintain a financial management system as required by Federal regulations.

(2) Willful obstruction of the monitoring process.

(3) Failure to meet performance requirements.

(4) Failure to correct deficiencies brought to the grantee's attention in writing as a result of monitoring activities, reviews, assessments, *etc.*

(5) Failure to submit correct grant closeout documents within 90 days after expiration of the grant, unless an extension has been requested and granted.

(6) Failure to return outstanding cash advances within 90 days of the expiration date of the grant, unless an extension has been requested and granted, or the funds have been authorized to be retained for use on other grants.

(7) Failure to submit correct required reports by established due dates.

(8) Failure to properly report and dispose of government property as instructed by DOL.

(9) Failure to maintain cost controls resulting in excess cash on hand.

(10) Failure to timely comply with the audit requirements of 29 CFR part 96.

(11) Final disallowed costs in excess of five percent of the grant award.

**§ 641.206 Grant application review.**

(a) The Department shall review each timely grant application submitted by an eligible organization.

(b) In reviewing and considering an application, the Department shall determine the following:

(1) The availability of funds for the proposed grant;

(2) Whether the application is in accordance with the Department's instructions;

(3) Whether the application complies with the requirements of the OAA and this part;

(4) Whether the application offers the best prospect of serving appropriate geographic areas; and

(5) Whether the application demonstrates the effective use of funds.

**§ 641.207 Negotiation.**

(a) The Department may negotiate with an eligible organization to arrive at a grant agreement if the application generally meets requirements set forth in this part.

(b) The subjects of negotiation may include, but are not limited to, the following:

(1) Project components, including community service assignments and geographic locations of authorized positions;

(2) Subproject(s), if any;

(3) Funding level, including all budget line items; and

(4) Performance goals.

**§ 641.208 Rejection of grant application or project components.**

(a) The Department may question any proposed project component if it believes that the component will not serve the purposes of the OAA; if negotiation does not produce a mutually acceptable conclusion, it may reject this grant application.

(b) If the Department rejects an application, as set forth in paragraph (a) of this section, the Department may

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solicit applications from other eligible organizations in order to arrive at a grant agreement.

(c) When an application is not approved, the Department shall notify the applicant within a reasonable time in writing and state the reason(s) for rejection.

(d) Rejection of a proposal or application is a final Departmental action which is not subject to further administrative review. Rejection will not affect future consideration of the applicant for other projects as long as the organization meets the eligibility criteria.

### § 641.209 Award of funds.

When the applicant is a unit of State government or a public or private non-profit organization, the award of funds to a grantee shall be accomplished through the execution of a grant agreement prepared by the Department. When the applicant is a unit of the Federal Government, other than the Department, the award of funds shall be accomplished through an inter-agency agreement.

## Subpart C—Grant Operations

### § 641.301 General.

(a) This subpart establishes basic grant operation standards and procedures to be followed by all organizations receiving title V funds for the purpose of operating SCSEP grant agreements and projects.

(b) The dual purposes of an SCSEP project are to provide useful part-time community service assignments for persons with low incomes who are 55 years old or older while promoting transition to unsubsidized employment. Grantees and subgrantees shall develop appropriate work assignments for eligible individuals which will result in the provision of community services as defined in sections 502(b) and 507(2) of the OAA, and § 641.102 and will promote unsubsidized employment opportunities.

### § 641.302 Grantee responsibilities.

The grantee shall remit to eligible individuals wages, for community service assignments, and provide skill enhancement opportunities, periodic

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physical examinations, personal and employment-related counseling, assistance in transition to unsubsidized employment where feasible, and other benefits as approved by the Department.

(a) grantees are responsible for:

(1) Following and enforcing the requirements set forth in the OAA and this part;

(2) Implementing and carrying out projects in accordance with the provisions of the grant agreement; and

(3) Assuring that, to the extent feasible, such projects will serve the needs of minority, limited English-speaking, and Indian eligible individuals, and eligible individuals who have the greatest economic need, at least in proportion to their numbers in the State, and take into consideration their rates of poverty and unemployment based on the best available information.

(b) The grantee periodically shall monitor the performance of grant-supported activities to assure that project goals are being achieved and that the requirements of the OAA and this part are being met.

(c) The grantee or subgrantee shall obtain and record the personal information necessary for a proper determination of eligibility for each individual and maintain documentation supporting the eligibility of enrollees.

(d) Each grantee or subgrantee shall make efforts to provide equitable services among substantial segments of the population eligible for participation in SCSEP. Such efforts shall include, but not be limited to: outreach efforts to broaden the composition of the pool of those considered for participation, to include members of both sexes, various race/ethnic groups and individuals with disabilities.

### § 641.303 Cooperative relationships.

(a) Each grantee or subgrantee shall, to the maximum extent feasible, cooperate with other agencies, including agencies conducting programs under the JTPA, to provide services to elderly persons, to persons with low incomes, and with agencies providing employment and training services.

(b) The cooperation described in paragraph (a) of this section shall include, but not be limited to: