

year of such 2-year period. None of the funds reallocated by the Administrator shall be reallocated to any State which has not obligated all sums allotted to such State in the first fiscal year of such 2-year period.

(June 30, 1948, ch. 758, title VI, §604, as added Pub. L. 100-4, title II, §212(a), Feb. 4, 1987, 101 Stat. 25.)

USE OF CAPITALIZATION GRANT FUNDS FOR
CONSTRUCTION GRANTS

Pub. L. 101-144, title III, Nov. 9, 1989, 103 Stat. 858, as amended by Pub. L. 101-302, title II, May 25, 1990, 104 Stat. 238, provided: "That, notwithstanding any other provision of law, sums heretofore, herein or hereafter appropriated under this heading ['ENVIRONMENTAL PROTECTION AGENCY' and 'CONSTRUCTION GRANTS'] allotted for title VI [33 U.S.C. 1381 et seq.] capitalization grants to American Samoa, Commonwealth of the Northern Mariana Islands, Guam, the Republic of Palau (or its successor entity), Virgin Islands and the District of Columbia, may be used for title II [33 U.S.C. 1281 et seq.] construction grants at the request of the chief executive of each of the above named entities, and sums appropriated in fiscal year 1989 shall remain available for obligation until September 30, 1992."

§ 1385. Corrective action

(a) Notification of noncompliance

If the Administrator determines that a State has not complied with its agreement with the Administrator under section 1382 of this title or any other requirement of this subchapter, the Administrator shall notify the State of such noncompliance and the necessary corrective action.

(b) Withholding of payments

If a State does not take corrective action within 60 days after the date a State receives notification of such action under subsection (a) of this section, the Administrator shall withhold additional payments to the State until the Administrator is satisfied that the State has taken the necessary corrective action.

(c) Reallocation of withheld payments

If the Administrator is not satisfied that adequate corrective actions have been taken by the State within 12 months after the State is notified of such actions under subsection (a) of this section, the payments withheld from the State by the Administrator under subsection (b) of this section shall be made available for reallocation in accordance with the most recent formula for allotment of funds under this subchapter.

(June 30, 1948, ch. 758, title VI, §605, as added Pub. L. 100-4, title II, §212(a), Feb. 4, 1987, 101 Stat. 25.)

§ 1386. Audits, reports, and fiscal controls; intended use plan

(a) Fiscal control and auditing procedures

Each State electing to establish a water pollution control revolving fund under this subchapter shall establish fiscal controls and accounting procedures sufficient to assure proper accounting during appropriate accounting periods for—

- (1) payments received by the fund;

- (2) disbursements made by the fund; and

- (3) fund balances at the beginning and end of the accounting period.

(b) Annual Federal audits

The Administrator shall, at least on an annual basis, conduct or require each State to have independently conducted reviews and audits as may be deemed necessary or appropriate by the Administrator to carry out the objectives of this section. Audits of the use of funds deposited in the water pollution revolving fund established by such State shall be conducted in accordance with the auditing procedures of the Government Accountability Office, including chapter 75 of title 31.

(c) Intended use plan

After providing for public comment and review, each State shall annually prepare a plan identifying the intended uses of the amounts available to its water pollution control revolving fund. Such intended use plan shall include, but not be limited to—

- (1) a list of those projects for construction of publicly owned treatment works on the State's priority list developed pursuant to section 1296 of this title and a list of activities eligible for assistance under sections 1329 and 1330 of this title;

- (2) a description of the short- and long-term goals and objectives of its water pollution control revolving fund;

- (3) information on the activities to be supported, including a description of project categories, discharge requirements under subchapters III and IV of this chapter, terms of financial assistance, and communities served;

- (4) assurances and specific proposals for meeting the requirements of paragraphs (3), (4), (5), and (6) of section 1382(b) of this title; and

- (5) the criteria and method established for the distribution of funds.

(d) Annual report

Beginning the first fiscal year after the receipt of payments under this subchapter, the State shall provide an annual report to the Administrator describing how the State has met the goals and objectives for the previous fiscal year as identified in the plan prepared for the previous fiscal year pursuant to subsection (c) of this section, including identification of loan recipients, loan amounts, and loan terms and similar details on other forms of financial assistance provided from the water pollution control revolving fund.

(e) Annual Federal oversight review

The Administrator shall conduct an annual oversight review of each State plan prepared under subsection (c) of this section, each State report prepared under subsection (d) of this section, and other such materials as are considered necessary and appropriate in carrying out the purposes of this subchapter. After reasonable notice by the Administrator to the State or the recipient of a loan from a water pollution control revolving fund, the State or loan recipient shall make available to the Administrator such records as the Administrator reasonably re-