



This manual is designed to assist you in the successful management of your grant project and funds. The manual explains your roles and responsibilities and those of CDFA. In addition, the manual contains the processes and procedures needed to follow the Grant Agreement's terms and conditions.

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General Responsibilities and Accountability

Federal Funds Management Office

Federal Funds Management Office (FFMO) is responsible for administering the Specialty Crop Block Grant Program (SCBGP) Recipient Grant Agreements. Administration responsibilities include ensuring recipient compliance with statutes, regulations, and grant terms and conditions; submitting required project progress/final and financial reports to the U.S. Department of Agriculture (USDA) and conducting Performance/Compliance Reviews to maintain grant programmatic and fiscal integrity.

FFMO will provide you with on-going technical assistance and consultation during the term of the grant project. FFMO will be available to answer questions regarding project administration, Federal and State requirements, regulations, and Grant Agreement terms and conditions.

Grant Recipients

You have full responsibility for the conduct of the project supported by the SCBGP federal grant funds and for the results achieved. It is important that you monitor the day-by-day performance of the grant project to assure adherence to statutes, regulations, and grant terms and conditions. In addition, you will need to carry out the activities described in the Scope of Work to achieve project goals, objectives, and desired outcomes.

Accountability

As a recipient, you will be accountable for all grant funds awarded and must ensure all funds are used solely for authorized purposes. Ensure that:

- Funds are not used in violation of the restrictions and prohibitions of applicable statutes.
- There is effective control and accountability over grant cash, real and personal property, and other assets.
- Such property is safeguarded and used solely for authorized purposes.

An accounting system should be in place and good internal controls to ensure expenditures and reimbursements are reported and maintained.

Payment Methods

There are two types of payment methods to pay for allowable costs incurred – advance payments and reimbursement payments.

Advance Payments

You may be eligible to receive an advance of no greater than twenty-five percent (25%) of the total annual budgeted amount on a quarterly basis starting October 1, 2009. This request must be submitted to FFMO in writing and signed by an authorized official. Second and subsequent advance payment requests will be denied until FFMO receives invoices against all previous advance payments. An advance payment to cover project costs incurred during the final quarter of the project is not allowed. Advance payment procedures are as follows:

- Estimate funds that will be expended in three months up to twenty-five percent (25%) of the annual budget.



- Submit an *Advance Payment Request* (Attachment 1) for estimated funds accompanied by a justification to the FFMO by email or hard copy.
- Upon receipt of a check issued by the State Controller's Office, deposit the advance payment into a federally insured interest bearing account that provides the ability to track interest earned and document withdrawals to reconcile expenses on allowable project costs.
- Forward a check made payable to California Department of Food and Agriculture for any interest earned in six months along with the *Bi-Annual Report* accompanied with a quarterly or monthly invoice (see "Invoices" below).
- Follow the Instructions under "When to Invoice" to invoice against all advance payments.

Reimbursement Payments

Payment shall be made to reimburse you for actual cash disbursements based on a request for reimbursement submitted to FFMO. Reimbursements for allowable grant costs shall be paid not more frequently than monthly, but at least quarterly, in arrears.

The amount requested as reimbursement must be reported appropriately on the *Invoice* (Attachment 2) on lines 15 through 23 (see "How to Complete the Invoice form" below). Mail an original invoice with signature to:

California Department of Food and Agriculture
Federal Funds Management Office
1220 N Street
Sacramento, CA 95814

The *Invoice* may also be emailed to your Grant Specialist; however, an original with signature must be submitted to CDFA at the address listed above for final reimbursement.

When to Invoice

Once expenditures against the grant funds have been incurred, an invoice may be submitted for all except ten percent (10%) of the total grant award amount until the project is complete. The remaining ten percent (10%), or the entire amount of the grant, may be invoiced once the project has been completed (see "Withhold Percent" below).

Invoices shall be submitted not more frequently than monthly, but at least quarterly, in arrears.

Quarters are:

Quarter 1: October 1st – December 31st

Quarter 2: January 1st – March 31st

Quarter 3: April 1st – June 30th

Quarter 4: July 1st – September 30th

Use the *Invoice* form (attachment 2) to complete a quarterly invoice. Invoices submitted will be reviewed for completeness, accuracy and reasonableness. Invoices shall be submitted to the FFMO within thirty (30) days after the end of the quarter, except for the final invoice. FFMO will promptly notify you of any incompleteness or deficiencies which appear on the invoice. Once the incompleteness or deficiencies are corrected, FFMO will process the invoice for payment. If no



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expenditures are incurred in a given quarter, mark an “X” in the box labeled “NO EXPENDITURES” on the *Invoice* and submit.

The applicable categories are as follow:

- **Personnel Services** – Salary and wages charged by employees working on the grant activity/project or program.
- **Operating Expenses** – Actual expenses incurred for the purpose of achieving the goals and objectives of the grant project. Such expenses include but are not limited to, general expenditures and supplies, travel per diem, minor equipment (\$5,000 or less), printing, and postage.
- **Contractors/Consultants** – Services that cannot be provided by other full or part-time staff employed by the project. Generally, these services are for a short-term period and provide a specific and identifiable product or service. This shall not exceed one hundred thirty thousand dollars (\$130,000) or \$500 per eight-hour day per contractor/consultant.
- **Other Direct Costs** – All other actual expenses that do not fall under the above categories, such as, major equipment, public relations, marketing, media, communications and training.
- **Indirect Costs** – Expenses incurred that cannot be readily assignable to a direct cost. Such expenses include but are not limited to, utilities, facilities space, and equipment usage. You are responsible for maintaining documents used to explain and calculate the methodology for indirect costs. (This shall not exceed 3%)
- **Program Income**- Income you earn that is directly generated by a supported activity or earned as a result of the award.

Final Invoice

Submit the final invoice within sixty (60) days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first. The invoice must be clearly marked “Final Invoice,” thus indicating all payment obligations have ceased and no further payments are due. Invoices must be itemized into the designated categories approved in the original grant budget.

How to Complete the Invoice form

FFMO will begin the invoice process by generating an *Invoice* form and filling in the Grant Agreement number, Recipient Name, Invoice Number, Project Title, and Budget from the Scope of Work. FFMO will send the invoice electronically to a designee assigned by your organization.

You must complete the billing period (month/year – month/year) of the invoice and the number of the invoice (i.e., if it is the second invoice submitted this year, enter “2”).

Complete the *Invoice* as follows:

- Sort all receipts/expenditures by Budget Line Item and calculate a total for each category.
- Enter the amount to be reimbursed by the Budget Line Item in the “Amount Requested” column. Only complete the non-shaded column.
- The invoice will automatically calculate the columns titled “Remaining Balance” and “Amount to be Paid.”



- If Program Income is generated, enter the amount in the column titled “Amount Requested.” The Program Income will be deducted from the “Remaining Balance” and “Amount to be Paid” totals.
- If there are no expenditures incurred, mark the box titled “NO EXPENDITURES” with an “X”.
- Print, sign and submit the *Invoice* to the address shown under “Reimbursement Payments.”
- Once FFMO approves an invoice, a new one will be generated and returned electronically with the “Year to Date Invoiced” column completed.
- Repeat the process for each billing period thereafter.

Program Income

Program Income is the income you earn that is directly generated by a supported activity or earned as a result of the award. It may result from activities integrally related to the award, or from activities which are incidental to the main purpose of the grant. As a recipient you must report program income from all sources. Failure to properly report program income may result in disallowances, even if the income was used appropriately.

Examples of Program Income:

- Fees for services performed and/or sales of services; and
- sale of commodities or items fabricated under the grant, e.g., publications;

Please contact your Grant Specialist if you are unsure if your project activities generate program income.

There are two alternatives for reporting program income:

- Deducting program income from the total allowable costs, and
- adding program income to the project budget.

Under no circumstances should program income be used to defray costs which are otherwise unallowable charges to the award.

Program income must be deducted from the grant’s total allowable costs. You should add the program income to current project funds to further the objectives of the grant. The program income should be included on the *Invoice*.

Records for Program Income should be maintained in the same manner as required for funds supplied by the federal government (see “Record Retention” below).



Withhold Percent

FFMO will withhold ten percent (10%) from the total grant amount. This financial tool is intended to ensure that you have completed the grant project and have submitted a *Final Performance Report* (see “Reporting Requirements” below). After approving the *Final Performance Report*, the ten percent (10%) withhold of grant funds will be released.

Line Item Shift Request

When changes to the grant project result in the need to move funds, submit a *Line Item Shift Request* (Attachment 3) to FFMO for review and approval. A change of up to ten percent (10%) of the funds budgeted under a line item from one budget line item to another can be made, without changes to Exhibit A, Scope of Work, so long as the annual Grant Agreement total neither increases nor decreases. *Please note – line item shift requests to increase indirect costs are not allowed.*

Clearly identify the:

- Date.
- Line Item Shift Request number.
- Grant Recipient.
- Grant Agreement Number.
- Reporting period.
- Grant award amount.
- Recipient Contact information.
- Reason/justification for the request.
- Budget Line Items funds are to be transferred from (enter as a negative amount) and Budget Line Item funds are to be transferred to (enter as a positive amount).

The *Line Item Shift Request* can be submitted via:

1. Hard copy to the address shown under “Reimbursement Payments,”
2. E-mail (to the Grant Specialist listed in the Grant Agreement)
3. Or, fax to (916) 653-0206 Attn: Federal Funds Management Office.

Scope of Work Changes

A change in the Scope of Work may be requested anytime an element of the Grant Agreement needs to be changed, including scope of work activities or milestones, dates, and deliverables from those previously approved. The requests for change must be made in writing, signed by an authorized official, and provide sufficient information for the need for a change in scope.

Such actions likely to be considered a change in scope include, but are not limited to:

- Transfer of the performance of substantive programmatic work to a third party through a sub-grant, contract, or any other means.
- Replacement of or changes in the status of the Principal Investigator (PI) or Project Director (PD), i.e., if the PI/PD withdraws from the project entirely, is absent from the project during any



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continuous period of three (3) months or more, or time devoted to the project is reduced by twenty-five percent (25%) or more from the level that was approved at the time of the award.

- The addition or deletion of activities or deliverables.

- Change of Grant Recipient organization name or organizational status.

At its discretion, CDFA may choose to accept or deny any changes in whole or in part.

Delays and Notifications

Immediately notify FFMO of problems, delays or adverse conditions that will materially affect the project. Also, notify FFMO of any changes which may include but are not limited to:

- Primary contact person has been replaced.
- Change of phone number, mailing address, fax number and e-mail address.

Compliance with Federal Requirements

Federal cost principles are policies used to determine which costs of an activity, project, or program should be borne by the Federal Government. These policies ensure the consistent treatment of costs, regardless of whether reimbursement is received directly from the Federal Government or through another recipient of Federal funds.

For each organization type, there is a set of Federal principles for determining allowable costs. The allowable costs are determined in accordance with the cost principles applicable to the organization incurring those costs. The following chart lists the type of organization and the applicable cost principles.

Federal Cost Principal Summary Table	
Organization Type	Applicable Cost Principals
State, local or Indian tribal government	2 CFR 225
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in OMB Circular A-122 as not subject to that circular.	2 CFR 230
Educational institutions	2 CFR 220
For-profit organization other than a hospital and an organization named in OMB Circular A-122 as not subject to that circular.	Federal Acquisition Regulation (FAR) Subpart 31.2. Contract with Commercial Organizations, codified at 48 CFR 31.2.



Government organizations, non-profit organizations, and for profit organizations must comply with federal requirements as applicable. This includes all Grant Recipients and CDFA programs administering grant agreements.

FFMO encourages everyone to visit the following Office of Management and Budget (OMB) website to ensure a thorough understanding of allowable costs.

<http://www.whitehouse.gov/omb/circulars/index.html>

Allowable Costs

An allowable cost must be directly related to a particular cost objective of a project and be incurred solely to advance the work under the sponsored grant.

Allowable expenses for these funds must be made in compliance with Federal and State laws and regulations as applicable. They must be:

- Necessary and reasonable for proper and efficient performance and administration of these funds.
- Authorized or not prohibited under Federal, State or local laws or regulations.
- Consistent with policies, regulations, and procedures that apply uniformly to both Federal and State funds and other activities of the governmental unit.
- Determined in accordance with generally accepted accounting principles.
- Adequately documented.

Allowable costs include, but are not limited to: salaries and wages, fringe benefits, consultant services, travel, telephone, equipment (lease/rental), subcontractors and materials, data processing, bookkeeping, clerical, land rentals, public information, training and communications.

Domestic Travel Reimbursement

With the exception of the Universities of California (UC), there is reimbursement for actual allowable costs up to the maximum allowance for meals, incidentals, and lodging expenses for each complete twenty-four (24) hours of travel, beginning with the traveler's time of departure. The maximum domestic travel rates allowable are established in Title 2, California Code of Regulations, Sections 599.619 and 599.630. As a UC Grant Recipient, you must ensure the travel expenses incurred are consistent with the University Travel Policies and in accordance with the State Contracting Manual, Section 3.18(a).

Meal

The maximum reimbursement rates for meals plus incidentals are:

<u>Reimbursement Type</u>	<u>Allowable Cost</u>
Breakfast	\$ 6.00
Lunch	\$ 10.00
Dinner	\$ 18.00
Incidentals	\$ 6.00



Lodging

Reimbursements for lodging and applicable taxes must be substantiated with a receipt and retained.

To assist in locating hotels that offer lodging rates within the maximum reimbursement rate the State allows, please access the Lodging Guide at the following website:

<http://www.catravelmart.com/lodguideframes.htm>

All California counties not listed below	Actual expense up to \$84 per night, plus tax
Los Angeles and San Diego counties	Actual expense up to \$110 per night, plus tax
Alameda, San Francisco, Santa Clara, and San Mateo Counties	Actual expense up to \$140 per night, plus tax

Mileage and Parking

- Reimbursement of \$.50 per mile will be applied when traveling, using a privately owned vehicle.
- Reimbursement for parking is up to the actual cost and must be substantiated with a receipt, and retained.

International Travel Reimbursement

Reimbursement is available for actual allowable costs up to the maximum allowance for each meal, incidental, and lodging expense when traveling out of the country.

The maximum international travel rates allowable are established in a per diem supplement to section 925, Department of State Standardized Regulations. These rates are available on the U.S. Department of State website at:

http://aoprals.state.gov/content.asp?content_id=184&menu_id=78

Please note rates change daily to account for currency and economic changes.

- The reimbursement allowance for meals and lodging plus incidental travel expenses (M&IE) will be paid up to the rates identified on the U.S. Department of State's website.
- The lodging allowance is intended to substantially cover the cost of lodging at adequate, suitable and moderately priced facilities.
- When arranging for hotel reservations, travelers are advised to request information on hotel discounts for grant recipients traveling on U.S. Government business.



Air Travel

- You will be reimbursed up to the actual airfare expense incurred.
- CDFA requires economy-based rates to be used by all travelers.

Fly America Act

Please ensure you follow all Federal requirements, such as the Fly America Act. The Fly America Act, 49 U.S.C. App. 1517, requires consultants, contractors, grantees, and others performing United States Government financed foreign air travel to travel by U.S. flag air carriers:

1. Unless travel by foreign air carrier is a matter of necessity as defined in paragraph (b)(3) of this section, or
2. When U.S. flag air carrier service is available within the guidelines in paragraphs (b)(4)(5) of this section.

Unallowable Costs

An unallowable cost is a charge that the Federal awarding agency (or State) determines to be unallowable, in accordance with the applicable Federal cost principals or other terms and conditions provided in the grant award. Except as otherwise permitted by the applicable cost principle, unallowable expenses include, but are not limited to, costs of meeting rooms; hospitality suites; alcoholic beverages; costs of entertainment, including amusement, diversion and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities); and, costs for organized fund raising, including financial campaigns and solicitation of gifts.

A-133 Audits

Entities that expend more than five hundred thousand dollars (\$500,000) per year must follow the Federal Office of Management and Budget A-133 circular requirements. Please provide CDFA with any reports resulting from A-133 audits.

Restrictions and Limitations on funds

There are restrictions and limitations on grant funds with regards to capital expenditures and rental costs.

Capital expenditures

- General purpose equipment, buildings, and land are unallowable as direct and indirect charges.
- Special purpose equipment is allowable as direct costs, provided that items with a unit cost of five thousand (\$5,000) or more have the prior approval of CDFA.

Rental expenditures

- Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in subpart T of 7 CFR part 3015.



Definitions

1. *Capital expenditures* means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life.
2. *Acquisition cost* means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it useable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental unit's regular accounting practices.
3. *General purpose equipment* means equipment, which is not limited to research, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles.
4. *Equipment* means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5,000.
5. *Special purpose equipment* means equipment which is used only for research, scientific, or other technical activities.

Performance/Compliance Site Visits

FFMO will conduct Performance/Compliance site visits during the course of the Grant Agreement. Notification of the site visit will be sent out at least two (2) weeks prior to the intended visit. The purpose of site visits includes, but is not limited to:

- Determine whether measurable outcomes are met and evaluate project accomplishments.
- Review financial records and documentation to ensure funds are used for their intended purpose.
- Attend and evaluate public outreach events.
- Identify success stories.
- Make recommendations.

FFMO will provide a written evaluation no later than thirty (30) days following the site visit. You are required to respond to performance/compliance concerns, and when requested, include corrective action plans.

You are encouraged to contact and notify FFMO of public outreach events or to provide a success story.



Reporting Requirements

Biannual Progress Reports

You must complete and submit a *Biannual Progress Report(s)* to provide the status of the project, identify milestones, results achieved, success stories, potential concerns, as well as other pertinent information in layman's terms. The *Biannual Progress Report* (Attachment 4) is available in template form. FFMO recognizes some of the information on the form is not applicable for all projects, however, you are expected to provide all information pertinent to the project based on the data available. Each Biannual report should refer to any actions or pending project results from the previous Biannual report.

Information on how to complete the report is presented below:

All Grant Recipients

- Grant Recipient: Enter the name of the agency/organization that appears on the Grant Agreement.
- Grant Agreement No: Enter the Grant Agreement Number provided by CDFA (SCB09###)
- Reporting Period: Enter the time period for the progress report.
- Recipient Contact: Provide the name, telephone number, fax number, and email address for the contact person responsible for the day-to-day coordination or administration of the grant.
- Project Title: The project name must be the same as that appearing in the Grant Agreement.
- Grant Award Amount: Report the total amount of grant funds awarded by the State.
- Match Funds/ In-Kind Commitment: Report the total of matching funds and/or In-Kind to be expended throughout the life of the grant.
- Match Funds/ In-Kind Spent To Date: Report the total of matching funds and/or In-Kind expended during the reporting period.
- Approval: Obtain authorized official signature and enter the date the report was completed.

Grant Recipients with Advance Payments

- Advance Amount: Report the amount of prepayment(s) issued by the State.
- Remaining Advance Balance: Report the amount of the prepayment(s) that remains unspent to date.
- Invoiced To Date: Enter amount invoiced against advance payments.
- Remaining Grant Balance: (*Actual cash available*) Calculate by subtracting the "Advance Amount" from the "Grant Award Amount."

Grant Recipient with Reimbursement Payments

- Invoiced To Date: Enter the total amount reimbursed and invoiced to date.
- Remaining Grant Balance: Calculate by subtracting the "Invoiced To Date" amount from the "Grant Award Amount."

Grant Recipient with Program Income

- Program Income: Enter the amount of Program Income that has been earned.



Final Performance Report

You are also, required to submit a *Final Performance Report*. Submission of the *Final Performance Report* can be completed in one of two ways: (1) by submitting a written report using the *Final Performance Report* (Attachment 5) or (2) conducting an event that demonstrates the results of the project. Examples of supporting documentation and handouts can include a summary of findings, photos, charts and graphs, brochures, etc., to support project results and outcomes.

A *Final Performance Report* must be submitted by email and hard copy and/or presented no later than sixty (60) days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first, unless an alternate deadline has been agreed to by the FFMO Grant Specialist. The *Final Performance Report* should be a short and concise synopsis in layman's terms—not to exceed the required page limit – of the following:

- A summary of the project; the background for the initial purpose, specific issues and problem or need that was addressed by this project.
- Any activities and tasks performed during the grant period.
- The results and outcomes achieved through the use of the grant funds.
- Provide a description of the groups and other operations that benefited from the completion of the project's accomplishments.
- Offer insights into the lessons learned by the project staff as a result of the completing this project.
- Contact Information
- Provide additional information available (i.e. publications, websites, photographs) that is not applicable to any other section.

After the *Final Performance Report* has been reviewed and approved, FFMO will begin the Closeout Process (see "Closeout Process" below).

Closeout Process

Closeout Process is the last phase of active grant management. FFMO must ensure the grant activity/project is complete in accordance with the terms and conditions of the Grant Agreement, Scope of Work and Budget. Before the grant is closed, the FFMO will ensure:

- All Scope of Work activities and expected measurable outcomes have been completed.
- All pertinent information has been submitted.
- Performance/compliance issues have been addressed through corrective action plans and/or resolved.
- The *Final Performance Report* has been submitted.

If the *Final Performance Report* is submitted and approved, the final invoice amount will be paid and the project considered closed. FFMO will notify you if the *Final Performance Report* has not been received or approved and withhold ten percent (10%) of the total grant award amount. The ten percent (10%) will be paid and the project considered closed once FFMO receives and approves the *Final Performance Report*.

Closeout of a grant does not automatically cancel any requirements for property accountability, record retention, or financial accountability.



Unspent grant funds and/or earned interest income must be returned to CDFA upon completion or termination of the grant project.

Record Retention

Retain financial records, statistical records, and all supporting documents pertinent to the grant funds for a period of three years (3) from submission of the *Final Performance Report*. FFMO shall have the right of access to any of your or subcontractors books, documents, papers, or other records, which are pertinent to the project/program, in order to conduct Performance/Compliance reviews. Such records that must be retained but are not limited to:

- Time cards and records that reflect the actual hours being worked by each employee on the grant project/program.
- Actual expenditure invoices obtained for direct costs associated with the grant project/program.
- Any employee reimbursement claims that reflects lodging, per diem, and transportation receipts.
- Supporting documentation for the calculation or methodology the Grant Recipient used to determine the indirect cost percentage.
- All other supporting documentation related to the grant project.

FFMO Contact Information

FFMO hopes you find the GMP Manual clear and understandable. Thank you in advance for your cooperation and timely completion of your documents. Your efforts to prepare and complete accurate invoices and reports will directly impact our ability to review and approve them in the shortest time possible. We look forward to working with you. Should you have any questions, please contact your Grant Specialist or contact FFMO at (916) 657-3231.