



California Department of
Food and Agriculture

2012
Specialty Crop Block
Grant Program

Grant Management
Procedures Manual

Federal Funds
Management Office

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General Information

Purpose

The 2012 Specialty Crop Block Grant Program (SCBGP) Grant Management Procedures Manual (GMP) is designed to provide direction to Grant Recipients (Recipients) for the successful management of SCBGP Federally funded projects. The GMP identifies the roles and responsibilities of all parties, and describes the processes and procedures required by the terms and conditions in the Grant Agreement.

General Responsibilities

Federal Funds Management Office

The California Department of Food and Agriculture (CDFA), Federal Funds Management Office (FFMO) manages the SCBGP Recipient Grant Agreements. The FFMO ensures Recipients are compliant with Federal and State statutes and regulations, grant terms and conditions, and reporting requirements. The FFMO also provides Recipients with technical assistance and consultation throughout the Grant Agreement term.

Grant Recipients

Recipients implement the Grant Agreement scope of work, and ensure terms and conditions and applicable statutes and regulations are followed, including all contractor/consultant activities. Recipients maintain an accounting system and efficient internal fiscal controls, and submit timely and accurate project activity and fiscal reports.

Contact Information

Grant Specialist

Recipients with questions regarding the content of this manual or their Grant Agreement should contact the assigned Grant Specialist.

FFMO

Federal Funds Management Office
California Department of Food and Agriculture
1220 N Street, Suite 120
Sacramento, CA 95814
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(916) 657-3231

Forms

Forms and templates referenced in this manual can be found online at www.cdfa.ca.gov/grants, Grant Awards & Resources, Grant Recipient Resources.



Financial Management

Payment Methods

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments.

Advance Payments

Recipients may be eligible to receive an advance payment to cover project expenditures. Requests must be submitted using the [Advance Payment Request](#) (APR) form. Subsequent APR's will be denied until advance payments are liquidated. An advance payment to cover costs incurred during the final three months of the project is not allowed.

Advance Payment Request Procedures:

- Estimate the advance amount needed for a three-month period. Submit an APR and justification (e.g., cash flow issues).
- The State Controller's Office issues advance payment checks. Upon receipt, funds must be deposited into a federally insured, interest-bearing account that provides the ability to track interest earned and withdrawals.
- Interest earned during a six-month period must be remitted to the CDFA, in the form of a check made payable to California Department of Food and Agriculture.

Reimbursement Payments

Recipients submit invoices to FFMO for reimbursement of actual expenditures. Invoices must be submitted at least quarterly, but not more frequently than monthly, in arrears. The quarterly periods are:

- Quarter 1: October 1 – December 31
- Quarter 2: January 1 – March 31
- Quarter 3: April 1 – June 30
- Quarter 4: July 1 – September 30

Invoices

When to Submit Invoices

Invoices are due no later than 30 calendar days after the quarterly or monthly invoice period, and are required regardless of whether or not project costs are incurred during the invoice period. Final invoices are due no later than 45 calendar days following the expiration date of the Grant Agreement term or after the project is complete, whichever comes first.

Completing an Invoice

Request for Reimbursement Invoice

The FFMO initiates each invoice cycle by generating an electronic invoice template. FFMO emails Recipients an invoice template with the Grant Agreement Number, Recipient Name, Project Title, Invoice Number, and the Project Budget entered. Recipients complete the following and return to FFMO:

- Make Check Payable to – Organization name and address.
- Billing Period – Month/year when costs occurred.
- Invoice Date – Date invoice prepared.



- Amount Requested – Dollar amount requested by line item (please see Definitions for descriptions of each line item).
- Preparer’s Signature – Signature, phone number, email address of preparer and date prepared.
- Authorized Signature – Signature, phone number, email address of Project Director/Designee and date signed.

No Expenditure Invoice

Recipient checks the “NO EXPENDITURES” box, signs, dates, and emails the invoice to the FFMO. No Expenditure invoices must be accompanied by an explanation why costs were not incurred during the billing period.

Advance Payment Invoice

Recipients follow the instructions for a *Request for Reimbursement Invoice*. The invoice template automatically calculates the amount to be paid less advance payments. FFMO adjusts the Less Advance amount each billing period until the advance is offset 100% by expenditures.

Final Invoice

Recipient marks “Final Invoice” in the Invoice Number area, indicating all payment obligations have been met and no further payments are due.

Withholds

Withhold Payment Notification

FFMO issues a Withhold Payment Notifications (Notification) to delay payment of an invoice if there is an invoice discrepancy, unresolved audit finding, or late progress report. The Notification describes the reason for the withhold and what actions, if any, may be required. Invoices are processed once all issues are resolved.

Withhold Pending Final Performance Report

FFMO will withhold 10% of the Grant Agreement award until approval of the Final Performance Report.

Line Item Shift Request

Recipients are required to submit a *Line Item Shift Request* when changes to the project result in the need to adjust budget line items. The total project budget cannot be increased or decreased through this process, and the indirect budget line item cannot be increased. All un-shaded areas of the form should be completed.

- Enter the current approved budget values (these amounts should be taken from the most recent approved invoice).
- Enter the amount of funds transferred *from* a budget line item as a negative by using brackets (), and the amount of funds transferred *to* a budget line item as a positive amount by using the plus sign “+”. The revised budget will automatically be calculated.

Example

<i>From Total Salary & Wages</i>	<i>(\$1,000)</i>
<i>To Travel</i>	<i>+\$1,000</i>
<i>Total Net to Zero</i>	<i>\$ 0</i>



Project Management

Compliance with Federal Requirements

Federal cost principles are regulations used to determine allowable costs, and ensure consistent treatment of costs.

There is a set of Federal cost principles for determining allowable costs for each organization type. Recipients are responsible for identifying the Federal cost principles appropriate to their organization and for the consistent application of these cost principles to the SCBGP grant funds. Recipients are responsible for ensuring their contractors/consultants comply with applicable Federal requirements. The following chart lists the type of organization and the applicable Federal cost principles.

Organization Type	Applicable Federal Cost Principles
State, Local and Indian Tribal Government	2 CFR 225
Private Nonprofit Organizations 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, Contracts with Commercial Organizations, codified at 48 CFR 31.2.

Information regarding the Federal cost principles can be found on the Office of Management and Budget (OMB) website: www.whitehouse.gov/omb/circulars_default.

Allowable Costs

A cost is allowable if it directly relates to the project and incurred solely to advance work under the Grant Agreement. 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, training and communications.

Expenditures must be made in compliance with Federal and State laws and regulations as applicable, and must be:

- Necessary and reasonable for proper and efficient performance and administration of the 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.



Unallowable Costs

A cost is unallowable if it does not comply with applicable cost principles or other terms and conditions in the Grant Agreement.

Unallowable expenses include but are not limited to 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.

Unallowable costs will not be reimbursed.

Scope of Work Revisions

Scope of Work (SOW) revisions may be required when SOW activities, milestones, dates, and/or deliverables change. Requests for revisions must be made in writing and provide sufficient information to explain the need and how the change affects the project. Revision requests must be signed by an authorized official of the Recipient organization, and approved by FFMO and/or USDA.

Examples of project changes that require a SOW revision include:

- Transfer of project work to a third party through a contract, sub-grant, or any other means.
- Replacement or changes in the status of the Principal Investigator or Project Director such as withdrawing from the project entirely, being absent during any continuous period of three months or more, or reducing the time base by 25% or more.
- The addition or deletion of activities, deliverables, or a contractor/consultant.
- Change of Recipient organization name or organizational status.

Notification of Problems and Delays

Recipients must immediately notify the FFMO of any problems, delays and/or adverse conditions that will materially affect the project.

Travel

California In-State Travel Reimbursement

Reimbursement is for actual costs up to the maximum allowance for meals, incidentals, and lodging expenses for each complete 24 hours of travel. The maximum travel rates allowable are established in Title 2, California Code of Regulations, Sections 599.619 and 599.630. University of California Recipients must comply with the University Travel Policies (State Contracting Manual, Volume 1, Section 3.18(A)).

Meals

Maximum rates for meals plus incidentals:

<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 are for actual costs, and must be substantiated with a receipt. Maximum lodging rates are outlined below:

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

- Mileage reimbursement for using a privately owned vehicle will be at the mileage reimbursement rate established by the United States (U.S.) Internal Revenue Service (IRS) and in effect at the time of travel. Effective January 1, 2012, the IRS mileage reimbursement rate is 55.5 cents per mile. The IRS mileage reimbursement rate information is available www.irs.gov/Credits-&-Deductions.
- Reimbursement for parking is up to the actual costs, and must be substantiated with a receipt.

Out-Of-State Travel Reimbursement

Reimbursement is available for actual costs of transportation, lodging, subsistence, meals and incidental expenses when traveling out of the State of California, and are allowable if consistent with the Recipient organization's written travel policies. In the absence of a written travel policy, the Recipient must use the rates and amounts established by the U.S. General Services Administration (GSA). These rates are available on the GSA website at <http://www.gsa.gov/perdiem> for each of the states within the continental United States.

Out-of-Country Travel Reimbursement

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

The maximum international travel rates allowable are established in a supplement to section 925, U.S. Department of State Standardized Regulations. These per diem rates are available on the U.S. Department of State website at http://aoprals.state.gov/content.asp?content_id=184&menu_id=78.

Rates are subject to change daily to account for currency and economic changes.

- Reimbursement for meals and lodging plus incidental travel expenses 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.
- Travelers are advised to request information on hotel discounts for Recipients traveling on U.S. Government business.

Air Travel

- Reimbursement is available up to actual airfare expenses incurred.
- Economy-based rates are to be used by all travelers.
- International travel must comply with the Fly America Act, U.S.C. Title 49 § 40118. This Act requires consultants, contractors, grantees, and others performing U.S. Government financed



foreign air travel to travel by U.S. flag air carriers with some exceptions. Additional information about the Fly America Act can be found at: <http://www.ogc.doc.gov/ogc/fl/fald/itl/itlv14.pdf>.

Equipment

Special purpose equipment with a unit cost of \$5,000 or more is allowable contingent upon FFMO/USDA approval.

Contractors/Consultants

Recipients may contract for services that cannot be provided by staff employed by the Recipient. Generally, these services are for a short-term period and provide a specific and identifiable product or service. Recipients are responsible for ensuring their contractors/consultants comply with applicable Federal and State requirements. Please see *Scope of Work Revisions* if adding a contractor/consultant to an approved SOW.

Written Agreement Required

The Recipient must have a written agreement with each contractor/consultant. The written agreement must include at a minimum: beginning and ending dates, dollar amount, description of services or deliverables, and a budget. The budget must include the same line item categories as the Grant Agreement budget. Contractor/consultant invoices must include sufficient information to determine that the expenditures invoiced are allowable.

Compensation

Compensation for contractors/consultants may not exceed GS-14 step 10 at www.opm.gov/oca/12tables/pdf/sac_h.pdf, excluding travel and subsistence costs, unless a justification is provided and approved.

Justification for Compensation in Excess of GS-14 Step 10

Compensation for contractors/consultants may not exceed GS-14 step 10, excluding travel and subsistence costs, unless one of the following is provided to and approved by FFMO and/or USDA:

- 1) A description of the steps taken to hire a contractor, which includes obtaining and providing a cost/price analysis (i.e., a quote or bid) from at least three contractors who can perform the service. The purpose of the cost analysis is to review and evaluate each element of cost to determine reasonableness; or
- 2) Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. The unique qualifications of the contractor and a justification regarding why those unique qualifications and proposed contractor are required for the project must be provided.

Program Income

Program income means income earned by a Recipient from activities supported by or as a result of the grant. Program income must be reported on the invoices and on progress reports, and may be used in the following ways:

1. To expand the project;
2. To continue the project after the grant term ends.



The information reported on the progress reports includes the nature or source of the program income (e.g., registration fees), the amount, and a description of how the program income will be used to further enhance the competitiveness of specialty crops.

The amount of program income is reported on the invoices.

Special Conditions

FFMO may impose special conditions on Recipients who are noncompliant with Federal and State statutes and regulations, Grant Agreement terms and conditions, and GMP Manual. Special condition examples include:

- More frequent submission of progress reports;
- More frequent submission of invoices;
- Submission of supporting documents with each invoice;
- Additional site visits, audits and/or desk reviews.

Reasons for imposing special conditions include but are not limited to:

- Late invoice/progress reports;
- Audit findings.

Recipients will be advised of special conditions in writing.

Reporting Requirements

Progress Reports

Recipients are required to submit a progress report no later than 30 days after each reporting period ends. The progress report is used to identify milestones, results achieved, success stories, potential concerns, and other pertinent information, such as program income. Recipients will receive a progress report template prior to the end of each reporting period, which are:

- October 1 – March 31
- April 1 – September 30

Final Performance Report

Recipients are required to submit a final performance report no later than 45 calendar days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first.

The Final Performance Report form is available at www.cdfa.ca.gov/grants or from a Grant Specialist.

Report Format Requirements

Recipients are to provide the progress and final performance reports in the following format:

- Font: Size 12 Times New Roman.
- Margins: 0.5"
- Length: No longer than three pages for the first reporting period for progress reports, and five pages total when the second reporting period is added; no longer than five pages total for final performance reports. These page limits do not include attachments.



- Write reports in layman's terms.
- Keep reports de-personalized. Use organization names instead of personal pronouns or names of individuals.
- Fully spell out all acronyms at their first use in the reports.
- Email Microsoft Word versions of the reports to the FFMO.
- Email or mail signed copies of the reports to the FFMO.

A-133 Audits

Entities that expend more than \$500,000 annually in Federal awards must comply with the OMB Circular A-133 requirements, and are required to submit to FFMO any reports resulting from A-133 audits.

Site Visits, Compliance Audits, and Desk Reviews

All Grant Agreements are subject to a minimum of one performance site visit, financial compliance audit, and/or desk review. The purpose is to determine whether measurable outcomes are being met and evaluate accomplishments, and to review financial records and documentation to ensure funds are being used for their intended purpose in compliance with Federal cost principles and regulations.

Site visits and audits are generally conducted during the term of the Grant Agreement, but may be conducted after the Grant Agreement has ended. Recipients must allow access to records and documentation relevant to the Grant Agreement, as well as any employees who may reasonably have information related to the Grant Agreement.

Recipients may be required to submit supporting documentation for an invoice for a desk review. Documentation may include timesheets and payroll records, travel logs that document mileage, invoices/receipts for operating costs, lodging, and meals, and contractor/consultant contracts and invoices.

A Grant Specialist will contact the Recipient to schedule the performance site visit.

A CDFA auditor will contact the Recipient to schedule the audit.

A Grant Specialist will contact the Recipient to request supporting documentation for a desk review.

Closeout

Before the Grant Agreement is closed, FFMO will review the final performance report and invoice, and verify resolution of any project performance concerns or compliance audit findings. FFMO will withhold 10% of the Grant Agreement amount pending resolution of any issues. A closeout letter and final payment will be issued when resolution is completed.

Closeout does not cancel property management, record retention or financial accountability requirements.

Record Retention

Retain financial records, project records, and supporting documents for a period of three years from the date the Grant Agreement is closed.

Records that must be retained include:



- Time sheets and records that reflect the actual hours worked by each employee;
- Actual expenditure invoices of direct costs charged to grant fund;
- Employee reimbursement claims including lodging, per diem and transportation receipts;
- Documentation supporting calculation or methodology to determine indirect costs;
- All other supporting documentation related to the Grant Agreement.

Property Management and Disposition

Property Records

Management and disposition of equipment purchased with or developed under a Grant Agreement is governed by 7 CFR 3015, 3016, and 3019, and 2 CFR 220, 225, 230, and 48 CFR FAR 31.2. It is important to note these requirements remain in effect after the close of the Grant Agreement.

Recipients must maintain property records for equipment, including but not limited to a description of the equipment, a serial number or other identification number, identification of the Grant Agreement under which the equipment was acquired, the acquisition date, acquisition cost of the equipment, percentage of Federal participation in the cost of the equipment, the location, use and condition of the equipment, and any ultimate disposition information including the date of disposal and sale price of the equipment.

Disposition of Equipment

If equipment purchased during the term of the grant has a fair market value of less than \$5,000 at the close of the Grant Agreement, it is no longer considered equipment and is not subject to the federal regulations governing equipment. If the fair market value is \$5,000 or more at the close of the Grant Agreement, the use, management, and disposition of the equipment is subject to federal regulations. These requirements apply until the fair market value of the equipment is \$5,000 or less.

A Grant Specialist can provide guidance regarding disposition of equipment.

Definitions

Acquisition cost: The cost of the asset including the cost to put it in place. For example, acquisition cost for equipment is 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.

Capital expenditures: 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.

Contractors/Consultants: Services that cannot be provided by staff employed by the project. Generally, these services are for a short-term period and provide a specific and identifiable product or service.

Equipment: Tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.



CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

FEDERAL FUNDS MANAGEMENT OFFICE

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General purpose equipment: 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.

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. Recipients are responsible for maintaining documents used to explain and calculate indirect costs. This cannot exceed 5% of the grant's Personnel budget, and may not be increased from the originally approved budget amount.

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 (less than \$5,000), printing, and postage.

Other Direct Costs: All other actual expenses that do not fall under the categories of Personnel Expenses, Operating Expenses, Contractors/Consultants, such as major equipment, public relations, marketing, media, communications and training.

Personnel Expenses: Actual expenses incurred for salary, wages, and fringe benefits for employees working on the grant.

Program Income: Income that is directly generated by a supported activity or earned as a result of the award. This includes, but is not limited to income in the form of fees for services performed and/or sales of services during the life of the Grant Agreement, proceeds from the sale of tangible personal or real property purchased with grant funds, sale of commodities or items fabricated under the grant such as publications, usage or rental fees, and patent or copyright royalties. Program income may only be expended on allowable costs that solely enhance the competitiveness of California specialty crops. Program income may not be used for unallowable costs under any circumstances.

Special purpose equipment: Equipment which is used only for research, scientific, or other technical activities.