



California Department of  
Food and Agriculture

---

## 2013 Specialty Crop Block Grant Program



## Grants Management Procedures Manual



## Revisions

### February 2016

#### Revised *Acknowledgment of Support*, pages 15

Revised existing language to read: "If the Recipient chooses to acknowledge SCBGP support whenever projects funded, in whole or in part, are publicized in any news media, brochures, publications, audio visuals, or other types of promotional material, it must use the following language:

This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture through grant 12-25-B-1567. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

Recipients may not use the CDFA or USDA logo. A copy of the publication acknowledging SCBGP support should be submitted to FFMO for retention in its files."

#### Revised *Record Retention*, page 18

Revised existing language to read: "Retain financial records, project records, and supporting documents until December 29, 2019."

### April 2014

#### Revised *Forms*, page 7

Deleted: "2013 Grant Awards & Resources, Grant"

#### Revised *Line Item Shift Request*, page 9

Added to existing language: "The indirect budget line item cannot be increased from the original approved amount."

#### Added *Compliance with Program Requirements to Solely Enhance the Competitiveness of Specialty Crops*, page 10

Added: "Specialty Crop Block Grant Program funding must solely enhance the competitiveness of specialty crops. Expenditures that do not solely enhance the competitiveness of specialty crops are unallowable. Additional USDA guidance regarding this requirement is available on CDFA's SCBGP website or from the assigned Grant Specialist."

#### Revised *Unallowable Costs*, page 11

Added to existing language: "program requirements,"

#### Revised *Budget Revisions*, page 12

Added to existing language: "The Indirect Costs line item is limited to the original approved amount, and may not be increased. However, if Personnel Services costs are reduced, Indirect Costs must also be reduced accordingly. Indirect costs includes all indirect costs budgeted by the recipient and its contractors/consultants." Revised *Program Income*, page 12

Added to existing language: "3. To support other projects or programs that further the broad objectives of the grant program."

Added to existing language: "Program income may only be expended on allowable costs that solely enhance the competitiveness of specialty crops."



Deleted “further” and replaced with “solely”

Added *Timekeeping Requirements*, page 12

Added *Activity Reports*

Added: “Federal regulations require activity reports to support salary and wage and fringe benefit expenditures charged to SCBGP grants. Each report must account for the total activity for which each employee is compensated, not only the hours worked on a particular SCBGP grant project. This also applies to salaried employees. [2 CFR 230 Appendix B.8.m.; 2 CFR 225 Appendix B.8.h.; 2 CFR 220 Appendix A.J.10.]

A sample Grant Management Timesheet is available on CDFA’s SCBGP website or from the assigned Grant Specialist.”

Revised *Mileage and Parking*, page 13

Deleted: “Effective January 1, 2013, the IRS mileage reimbursement rate is 56.5 cents per mile.”

Revised *Written Agreement Required*, page 14

Deleted: “and”

Added to existing language: “and a specific term that ‘all expenditures will comply with the Specialty Crop Block Grant Program requirement that grant funds must solely enhance the competitiveness of specialty crops’.”

Added *Indirect Costs for Contractors/Consultants*, page 15

Added: “Indirect costs for contractors/consultants are allowed. However, the maximum indirect costs allowed for the grant includes all indirect costs budgeted by the recipient and its contractors/consultants. Indirect costs may not be increased from the original approved amount.”

Revised *Publicity and Acknowledgment*, page 15

Added *Publicity*

Added: “Recipients must notify the FFMO in writing at least two working days before any news (press) releases or public conferences are initiated by the Recipient or its contractors in regards to the project and any project results.”

Added *Acknowledgment of Support*

Added to existing language: “Recipients may not use the CDFA logo.”

Added to existing language: “retention in”

Revised *Record Retention*, page 18

Deleted “actual hours worked by each employee” and replaced with “total activity for which each employee is compensated, including salaried employees.”



**TABLE OF CONTENTS**

**General Information**

Purpose .....	7
General Responsibilities .....	7
Assistance .....	7
Forms .....	7

**Prior Approval Required**

Prior Approval Required .....	7
-------------------------------	---

**Financial Management**

Payment Methods

Advance Payments .....	8
Reimbursement Payments .....	8

Invoices

When to Submit Invoices .....	8
Completing an Invoice .....	8
Withholds .....	9
Line Item Shift Request .....	9

**Project Management**

Compliance with Federal Requirements .....	10
Compliance with Program Requirements to Solely Enhance the Competitiveness of Specialty Crops .....	10
Allowable Costs .....	11
Unallowable Costs .....	11
Scope of Work Revisions .....	11
Budget Revisions .....	12



---

Notification of Problems and Delays .....	12
Program Income .....	12
<b>Timekeeping Requirements</b>	
Activity Reports .....	12
<b>Travel</b>	
California In-State Travel .....	13
Meals .....	13
Lodging .....	13
Mileage and Parking .....	13
Out of State Travel .....	13
International Travel .....	14
Air Travel .....	14
<b>Contractors/Consultants</b>	
Contractors/Consultants .....	14
Competitive Process Requirement .....	14
Written Agreement Required .....	14
Compensation .....	14
Justification for Compensation .....	15
Indirect Costs for Contractors/Consultants .....	15
Recipient Responsibility .....	15
<b>Publicity and Acknowledgment</b>	
Publicity .....	15
Acknowledgment .....	15
<b>Equipment</b>	
Equipment .....	16



**Reporting Requirements**

Progress Reports.....	16
Final Performance Report.....	16
A-133 Audits.....	16

**Compliance Reviews**

Compliance Reviews.....	16
-------------------------	----

**Special Conditions**

Special Conditions.....	17
-------------------------	----

**Closeout**

Closeout.....	17
---------------	----

**Property Management and Disposition**

Property Records.....	17
Disposition of Equipment.....	18

**Record Retention**

Record Retention.....	18
-----------------------	----



## General Information

### **Purpose**

The 2013 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.

### **Assistance**

Recipients should contact their assigned Grant Specialist for assistance with grant management.

### **Forms**

Forms and templates referenced in this manual can be found at [www.cdfa.ca.gov/grants](http://www.cdfa.ca.gov/grants), [Recipient Resources](#).

## Prior Approval Required

Prior approval is required from FFMO and/or USDA for the following:

- Revision of the scope of work, objectives, activities, milestones, dates, or deliverables
- Line item shifts
- Cumulative budget change of 20% or more
- Purchase of equipment
- International travel
- Contractor/Consultant rates in excess of GS-14, Step 10

The information required for a request for approval varies according to the type of approval sought. Please contact the assigned Grant Specialist for the information required for your situation.

Failure to obtain prior approval may result in unallowable costs.



## 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
  - 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. The Authorized signatory must be different from the Preparer signatory.

#### No Expenditure Invoice

Recipient checks the “NO EXPENDITURES” box, signs, dates, and returns 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 Notification (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 withholding payment and what actions, if any, may be required. Invoices are processed once all issues are resolved.

##### Withhold Pending Closeout

FFMO will withhold 10% of the Grant Agreement award until approval of the Final Performance Report, and/or resolution of any performance issues or audit findings.

#### **Line Item Shift Request**

Recipients are required to complete and submit to FFMO a [Line Item Shift Request](#) (LISR) when budget line items need to be adjusted. 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, Project Budget column).
- 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.
- The total project budget cannot be increased or decreased through this process.
- The indirect budget line item cannot be increased from the original approved amount. If Personal Services is decreased, the indirect budget line item must be decreased accordingly.
- If cumulative LISRs result in a budget change of 20% or more, USDA approval is required.



## Project Management

### **Compliance with Federal Requirements**

Grant funds awarded to all organization types are subject to the Uniform Federal Assistance Regulations contained in the Code of Federal Regulations (CFR) at [7 CFR 3015](#) and provisions of Office of Management and Budget (OMB) Circular A-133 implemented in [7 CFR 3052](#).

The Uniform Administrative Requirements are regulations setting forth the administrative requirements for awarded grant funds. There is a set of Uniform Administrative Requirements for each organization type.

The Cost Principles are regulations used to determine allowable costs, and ensure consistent treatment of costs. There is a set of Cost Principles for determining allowable costs for each organization type.

Recipients are responsible for identifying the Federal regulations appropriate to their organization and for the consistent application of these regulations to the SCBGP grant funds. Recipients are responsible for ensuring their contractors/consultants comply with applicable Federal regulations.

The following chart lists the type of organization and the applicable Federal regulations.

Federal Regulations Governing Grant Funds		
Organization Type	Applicable Uniform Administrative Requirements	Applicable Cost Principles
State, Local, and Indian Tribal Governments	<a href="#">7 CFR 3016</a>	<a href="#">2 CFR 225</a>
Non-profit Organizations other than an (1) institution of higher education, (2) hospital, or (3) organizations named in OMB Circular A-122 as not subject to that circular	<a href="#">7 CFR 3019</a>	<a href="#">2 CFR 230</a>
Educational Institutions	<a href="#">7 CFR 3019</a>	<a href="#">2 CFR 220</a>
For-profit organizations other than a hospital, and any organizations named in OMB Circular A-122 as not subject to that circular	<a href="#">7 CFR 3019</a>	Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at <a href="#">48 CFR 31.2</a> .
All organization types are subject to <a href="#">7 CFR 3015</a> and <a href="#">7 CFR 3052</a>		

The CFR is accessible on the [National Archives and Records Administration](#) website and the OMB Circulars are available on the [Office of Management and Budget](#) (OMB) website.

### **Compliance with Program Requirements to Solely Enhance the Competitiveness of Specialty Crops**

Specialty Crop Block Grant Program funding must solely enhance the competitiveness of specialty crops. Expenditures that do not solely enhance the competitiveness of specialty crops are



---

unallowable. Additional USDA guidance regarding this requirement is available on [CDFA's SCBGP website](#) or from the assigned Grant Specialist.

### **Allowable Costs**

A cost is allowable if it directly relates to the project and is incurred solely to advance work under the Grant Agreement. Allowable costs may include salaries and wages, fringe benefits, consultant services, travel, telephone, equipment, 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 project.
- 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, program requirements, or other terms and conditions in the Grant Agreement. Unallowable costs will not be reimbursed.

Unallowable expenses include but are not limited to sponsorships, hospitality suites, incentives, 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), costs associated with lobbying, and costs for organized fundraising including financial campaigns and solicitation of gifts.

Please contact the assigned Grant Specialist to determine whether a cost is allowable.

### **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 but are not limited to:

- 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, Recipient organization name, or Recipient organizational status.



---

### **Budget Revisions**

A [Line Item Shift Request](#) (LISR) and revised budget narrative must be submitted for approval by FFMO and/or USDA. A revised scope of work may also be required. The Indirect Costs line item is limited to the original approved amount, and may not be increased. However, if Personnel Services costs are reduced, Indirect Costs must also be reduced accordingly. Indirect costs includes all indirect costs budgeted by the recipient and its contractors/consultants.

### **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. Examples include but are not limited to: inability to collect data, conduct research, or complete any activity according to the work plan or work plan schedule; substituting commodities identified in the work plan; inability to fill vacant positions so activities are delayed or eliminated. Some problems and delays may require a revised scope of work.

### **Program Income**

Program income is earned from activities supported by or as a result of the grant and may be used in the following ways:

1. To expand the project;
2. To continue the project after the grant term ends;
3. To support other projects or programs that further the broad objectives of the grant program.

Program income may only be expended on allowable costs that solely enhance the competitiveness of specialty crops.

Program income information reported on the progress and final 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 solely enhance the competitiveness of specialty crops.

The amount of program income is reported on the invoices as well as in the progress and final reports.

## **Timekeeping Requirements**

### **Activity Reports**

Federal regulations require activity reports to support salary and wage and fringe benefit expenditures charged to SCBGP grants. Each report must account for the total activity for which each employee is compensated, not only the hours worked on a particular SCBGP grant project. This also applies to salaried employees. [2 CFR 230 Appendix B.8.m.; 2 CFR 225 Appendix B.8.h.; 2 CFR 220 Appendix A.J.10.]

A sample Grant Management Timesheet is available on [CDFA's SCBGP website](#) or from the assigned Grant Specialist.



## Travel

### California In-State Travel

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 the rates in effect at the time of travel established by the California Department of Human Resources. Exceptions: University of California Recipients must comply with the University Travel Policies (State Contracting Manual, Volume 1, Section 3.18(A)), and Federal Recipients must comply with Federal travel policies.

#### **Meals**

The maximum allowable per diem rates are:

Breakfast	\$ 7.00
Lunch	\$ 11.00
Dinner	\$ 23.00
Incidentals	\$ 5.00

#### **Lodging**

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

California counties/cities not listed below	Actual expense up to \$90 per night, plus tax
Napa, Riverside, Sacramento counties	Actual expense up to \$95 per night, plus tax
Los Angeles, Orange, Ventura counties, excluding the City of Santa Monica	Actual expense up to \$120 per night, plus tax
Alameda, Monterey, San Diego, San Mateo, Santa Clara counties	Actual expense up to \$125 per night, plus tax
San Francisco County and the City of Santa Monica	Actual expense up to \$150 per night, plus tax

#### **Mileage and Parking**

- Mileage reimbursement for using a privately owned vehicle will be at the standard mileage rate established by the United States (U.S.) Internal Revenue Service (IRS) and in effect at the time of travel. The standard mileage rate in effect at the time of travel can be found on IRS's website at [www.irs.gov](http://www.irs.gov).
- Reimbursement for parking is up to the actual costs, and must be substantiated with a receipt.

#### **Out-Of-State Travel**

Reimbursement is available for actual costs of transportation, lodging, subsistence, meals and incidental expenses when traveling out of the State of California. The Recipient must use the rates and amounts established by the U.S. General Services Administration (GSA), available on the [GSA](http://www.gsa.gov) website for each of the states within the continental United States.



---

## International Travel

Note: International travel requires prior approval from FFMO and/or USDA.

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.

**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

- 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](#).
- Reimbursement is available up to actual airfare expenses incurred.

## 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. Please see *Scope of Work Revisions* if adding a contractor/consultant to an approved SOW.

### Competitive Process Requirement

Federal regulations require all procurement transactions be conducted in a manner providing full and open competition and consistent with the standards of [7 CFR 3015](#), and [7 CFR 3016](#) or [7 CFR 3019](#), as applicable.

### 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, a budget, and a specific term that 'all expenditures will comply with the Specialty Crop Block Grant Program requirement that grant funds must *solely* enhance the competitiveness of specialty crops'. 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](#) for the locality, excluding travel and subsistence costs, unless a justification is provided and approved.



---

### **Justification for Compensation**

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.

### **Indirect Costs for Contractors/Consultants**

Indirect costs for contractors/consultants are allowed. However, the maximum indirect costs allowed for the grant includes all indirect costs budgeted by the recipient and its contractors/consultants. Indirect costs may not be increased from the original approved amount.”

### **Recipient Responsibility**

Recipients are responsible for ensuring their contractors/consultants comply with applicable Federal and State requirements.

## **Publicity and Acknowledgement**

### Publicity

Recipients must notify the FFMO in writing at least two working days before any news (press) releases or public conferences are initiated by the Recipient or its contractors in regards to the project and any project results.

### Acknowledgment of Support

If the Recipient chooses to acknowledge SCBGP support whenever projects funded, in whole or in part, are publicized in any news media, brochures, publications, audio visuals, or other types of promotional material, it must use the following language:

This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture through grant 12-25-B-1567. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

Recipients may not use the CDFA or USDA logo. A copy of the publication acknowledging SCBGP support should be submitted to FFMO for retention in its files.

## **Equipment**

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

General purpose equipment is not allowable, and is defined as 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.

Special purpose equipment is allowable with prior approval from FFMO and/or USDA, and is defined as equipment which is used only for research, scientific, or other technical activities.

## 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.

### 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 a copy of the A-133 audit report to FFMO.

## Compliance Reviews

All Grant Agreements are subject to a minimum of one performance site visit, as well as a 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 Grant Agreement terms and conditions.

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 by a CDFA auditor. Documentation may include but is not limited to 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.



## Special Conditions

FFMO may impose special conditions on Recipients who are noncompliant with Federal and State laws and regulations, Grant Agreement terms and conditions, and the 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 invoices or progress reports
- Audit findings

Recipients will be advised in writing of the special conditions imposed and the reasons for imposing the special conditions.

## 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.*

## 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 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.



## Record Retention

Retain financial records, project records, and supporting documents until December 29, 2019.

Records that must be retained include:

- Time sheets and records that reflect the total activity for which each employee is compensated;
- 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.