

2014 SPECIALTY CROP BLOCK GRANT PROGRAM

GRANT MANAGEMENT PROCEDURE MANUAL

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**CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE**

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Revisions

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Revised *Record Retention*, page 19

Revised existing language to read: “Retain financial records, project records, and supporting documents until December 29, 2020.”

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2014 Specialty Crop Block Grant Program Grant Management Procedure Manual

Authority and Purpose

The 2014 Specialty Crop Block Grant Program–Farm Bill (SCBGP) is authorized by the Agricultural Act of 2014 (Public Law 113-79).

The purpose of the SCBGP is to solely enhance the competitiveness of specialty crops.

Specialty crops are fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). Visit <http://www.ams.usda.gov/AMSV1.0/scbgp> for a comprehensive list of specialty crops and ineligible commodities.

Purpose of the Grant Management Procedure Manual

The 2014 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, and ensure Recipients are compliant with applicable Federal regulations and requirements, and grant terms and conditions.

Grant Recipients

Recipients implement the Grant Agreement scope of work, and ensure all project activities, including contractor/consultant activities, comply with applicable Federal regulations and requirements, and grant terms and conditions.

Assistance

The FFMO provides Recipients with technical assistance throughout the Grant Agreement term. Recipients should contact their assigned Grant Specialist for assistance.

Recipient Resources

Forms and templates referenced in this manual, as well as other resources, can be found at www.cdfa.ca.gov/grants, Recipient Resources.

KEY POINTS

Grant funds must only be used to solely enhance the competitiveness of specialty crops.

Contact your assigned Grant Specialist for assistance with your grant.

(916) 657-3231

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
- Foreign travel
- Contractor/Consultant rates in excess of GS-15, Step 10
- Change in Recipient organization or key personnel

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

Failure to obtain prior approval may result in unallowable costs.

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.

KEY POINTS

Contact the assigned Grant Specialist for prior approval requirements.

The Code of Federal Regulations are available at www.whitehouse.gov

Contact the assigned Grant Specialist if you are unsure of the Federal Regulations applicable to your organization

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	7 CFR 3016	2 CFR 225
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	7 CFR 3019	2 CFR 230
Educational Institutions	7 CFR 3019	2 CFR 220
For-profit organizations other than a hospital, and any organizations named in OMB Circular A-122 as not subject to that circular	7 CFR 3019	Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at 48 CFR 31.2 .
All organization types are subject to 7 CFR 3015 and 7 CFR 3052		

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

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

SCBGP 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 (www.cdfa.ca.gov/grants) 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, equipment, subcontractors and materials, data processing, land rentals, and training.

KEY POINTS

Contact the assigned Grant Specialist if you are unsure of the Federal Regulations applicable to your organization

IMPORTANT!
SCBGP funding must solely enhance the competitiveness of specialty crops.

Expenditures not solely benefiting specialty crops are unallowable

KEY POINTS

The Federal Cost Principles describe allowable and unallowable costs.

Unallowable costs will not be reimbursed

*Maximum indirect cost rate:
4%*

Indirect cost line item cannot be increased

Indirect costs may not be charged as direct costs.

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. A cost is also unallowable if it does not solely benefit specialty crops. 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.

Direct and Indirect Costs

Indirect Cost Rate

Indirect costs are limited to a maximum of 4% of the total of the Salary and Wages plus Fringe Benefits amount. Indirect costs may not be increased from the originally approved budget amount. This also applies to the Recipient's Contractors/Consultants.

Charging Direct and Indirect Costs Consistently

Recipients are responsible for charging direct and indirect costs incurred for the project consistently and appropriately. It is not allowable to charge an indirect cost as a direct cost.

Direct costs are costs that can be identified specifically with a particular project or can be directly assigned to a project activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation for employees who work directly on the project, and travel, equipment, and supplies directly benefiting the project.

Indirect costs are costs incurred for a common or joint objective that cannot be identified specifically with a particular project. Typically, indirect costs include, but are not limited to, compensation for executive officers, and administrative and clerical staff, costs of operating and maintaining facilities (such as rent, utilities, janitorial,

KEY POINTS

Costs normally charged as indirect may be charged as direct costs only if all criteria are met.

Changes in the project may require a Scope of Work revision

A cumulative budget change of 20% or more always requires USDA approval

maintenance), general administration expenses (such as supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation.

Direct charging of these costs may be appropriate where all of the following conditions are met:

1. Administrative or clerical services are integral to the project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are included in the approved budget or have prior written approval of the USDA;
4. The costs are not also recovered as indirect costs; and
5. The Recipient organization has a written policy on charging direct and indirect costs.

All five criteria above must be met before a determination can be made whether the costs are allowable as direct costs. Compliance with other requirements, such as timekeeping requirements, must also be met.

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

Recipients are required to complete and submit to FFMO a Line Item Shift Request (LISR) in advance 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.

In addition, the following restrictions and requirements apply to LISRs:

- The total project budget cannot be increased or decreased through this process.
- The indirect budget line item cannot be increased from the originally approved budget 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.
- LISRs must be accompanied by a revised budget narrative.

Notify the Grant Specialist of problems and delays

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 must be reinvested into the project, and expended on allowable costs that solely enhance the competitiveness of specialty crops

Program Income

Program income is earned from activities supported by or as a result of the grant. Program income must be reinvested into the project, and must be expended on allowable project costs that solely enhance the competitiveness of specialty crops. It is unallowable to expend program income on unallowable costs.

Program income information is reported on the progress and final reports and 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, as well as 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.] Costs not properly supported are potentially unallowable.

Sample Grant Management Timesheet available at www.cdfa.ca.gov/grants or contact 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 as established by the California Department of Human Resources (CalHR). Exceptions: Colleges and Universities must comply with their institution's travel policies, Federal Recipients must comply with Federal travel policies, and For Profit recipients must comply with the cost principles for travel located in the Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at 48 CFR 31.2.

Reimbursement is for actual expenditures already incurred

Meals

The maximum allowable per diem rates established by CalHR 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. The maximum lodging rates established by CalHR are:

Recipients must maintain receipts

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

GSA rates for travel out of California

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.
- Reimbursement for parking is up to the actual cost, and must be substantiated with a receipt.

KEY POINTS

*Prior approval is required
for foreign travel*

*U.S. Department of State
rates for foreign travel*

Economy rates for air travel

*Comply with Fly America
Act*

*Competitive process
required*

Written agreement required

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 website (www.gsa.gov) for each of the states within the continental United States.

Foreign Travel

Note: Foreign 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 (www.state.gov).

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.

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 regulations and requirements.

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

Competitive Process

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

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-15 step 10 for the locality, excluding travel and subsistence costs, unless a justification is provided and approved.

Justification for Compensation Exceeding Maximum Rate

Compensation for contractors/consultants may not exceed GS-15 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. The indirect cost rate cannot exceed the maximum allowable (see *Indirect Cost Rate*, page 8). Indirect costs cannot be increased from the originally approved amount.

Invoicing for Payment

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

KEY POINTS

Maximum rate for contractors/consultants is GS15 step 10 for the locality where the work is performed

An approved justification is required for rate exceeding maximum allowable rate

Maximum indirect rate for contractors/consultants is 4%

Contractors/Consultant must comply with Federal regulations and requirements

Advance payments available for eligible recipients

Contact Grant Specialist to determine eligibility

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.

The Recipient must minimize the time elapsing between receipt of the advance payment funds and disbursement of the advance payment funds.

Interest earned during a six-month period must be remitted to CDFA, in the form of a check made payable to the 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 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 30 days following the expiration of the Grant Agreement term or after the project is complete, whichever comes first.

Completing an Invoice

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, Project Budget, and Invoiced to Date entered. Recipients complete the invoice and submit to FFMO.

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.

KEY POINTS

Deposit advance payments into a federally insured, interest-bearing account

Minimize time between receipt of advance and disbursement

Remit interest to CDFA

Invoices are due 30 days after the quarterly or monthly invoice period

NOTE: DUE DATE FOR FINAL INVOICES IS CHANGED

Final invoice is due 30 days after the project ends or July 30, whichever is earlier

Reimbursement is for actual expenditures already incurred

KEY POINTS

Payment is withheld for invoice discrepancies, unresolved audit or desk review findings, late reports

10% of the award amount is withheld pending closeout

Notify Grant Specialist of news/press releases or public conferences

Acknowledge USDA SCBGP support

Only special purpose equipment allowable

Prior approval required

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 or desk review findings, or late reports. The Notification describes the reason for withholding payment and what actions, if any, are required to resolve the issues for withholding payment. 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 Invoice and Final Performance Report, and/or resolution of any performance issues or audit findings.

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

Recipients must acknowledge USDA’s SCBGP support whenever projects funded, in whole or in part, are publicized in any news media, brochures, publications, audiovisuals, or other types of promotional material. Recipients may not use the USDA or CDFA logo. A copy of the publication acknowledging USDA’s SCBGP support should be submitted to FFMO for its files.

Acknowledgements must read as follows: “This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture (USDA) through Grant 14-SCBGP-CA-0006. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.”

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.

KEY POINTS

*Progress reports due
April 30 and October 30*

*NOTE: DUE DATE FOR
FINAL REPORTS IS
CHANGED*

*Final report due 30 days
after project ends
or July 30, whichever is
earlier*

*Site visit, audit, desk review
for all projects*

*See "How to Prepare for a
Successful Audit"
www.cdfa.ca.gov/grants,
Recipient Resources*

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. General purpose equipment is not allowable.

Please see Property Management and Disposition on page 17 for additional requirements.

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 30 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 7 CFR 3052 and 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, the Grant Agreement terms and conditions, and this GMP.

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 CDFA Auditor 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

Equipment

The purchase, use, maintenance, disposition, and reporting 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.

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

Special conditions may be imposed for noncompliance

Final payment issued after closeout

Property management, record retention, and financial accountability requirements remain in effect after closeout

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. A Tangible Personal Property Report Disposition Report/Request (form SF-428-C) must be completed and submitted to CDFA prior to disposition. 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

Record retention and accessibility is governed by 7 CFR 3015, 3016, and 3019.

Retain financial records, project records, and supporting documents until December 29, 2020.

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.

KEY POINTS

*Maintain property records
for equipment*

*Contact Grant Specialist
regarding disposition of
equipment*

*Retain records until
December 29, 2020t*

*Recipient Resources are
available at
www.cdfa.ca.gov/grants*

OR

*Contact the Grant Specialist
if you have questions*

*(916) 657-3231
grants@cdfa.ca.gov*