

2015 SPECIALTY CROP BLOCK GRANT PROGRAM

GRANT MANAGEMENT PROCEDURE MANUAL

CATALOG OF FEDERAL DOMESTIC ASSISTANCE 10.170



**CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE**

Office of Grants Administration
1220 N Street, Room 120
Sacramento, CA 95814
(916) 657-3231
grants@cdfa.ca.gov
www.cdfa.ca.gov/grants

Revisions

February 2016

Revised *Unallowable Costs*, page 8

Added to existing language: “except when the costs are associated with enhancing the competitiveness of a processed product”

Revised *Record Retention*, page 19

Revised existing language to read: “Recipient must retain financial records, project records, and supporting documents until December 29, 2021.”

Table of Contents

Authority and Purpose	6
Purpose of the Grant Management Procedure Manual	6
General Responsibilities	6
Office of Grants Administration	6
Grant Recipients	6
Recipient Resources.....	6
Prior Approval Required.....	6
Project Management	7
Compliance with Federal Requirements	7
Compliance with Program Requirement to Solely Enhance the Competitiveness of Specialty Crops....	7
Allowable Costs.....	7
Unallowable Costs	8
Direct and Indirect Costs	8
<i>Indirect Cost Rate</i>	8
<i>Charging Direct and Indirect Costs Consistently</i>	8
Scope of Work Revisions.....	9
Budget Revisions	9
Notification of Problems and Delays	10
Program Income.....	10
Timekeeping Requirements	10
Activity Reports.....	10
Travel.....	10
California In-State Travel	10
Meals	11

Lodging.....	11
Mileage and Parking	11
Out-Of-State Travel	11
Foreign Travel	11
Air Travel	12
Contractors/Consultants.....	12
Competitive Process	12
Written Agreement	12
Compensation	13
Justification for Compensation Exceeding Maximum Rate	13
Indirect Costs for Contractors/Consultants.....	13
Records	13
Invoicing for Payment	13
Payment Methods	13
Advance Payments.....	13
<i>Advance Payment Request Procedures</i>	14
Reimbursement Payments	14
Invoices.....	14
When to Submit Invoices.....	14
Completing an Invoice.....	14
<i>Reimbursement Invoice</i>	14
<i>No Expenditure Invoice</i>	14
<i>Advance Payment Invoice</i>	15
<i>Final Invoice</i>	15
Withholds.....	15
<i>Withhold Payment Notification</i>	15
<i>Withhold Pending Closeout</i>	15

Publicity and Acknowledgement.....	15
Publicity	15
Acknowledgment of Support.....	15
Equipment.....	15
Reporting Requirements	16
Progress Reports	16
Final Performance Report	16
Single Audit Requirements	16
Compliance Reviews	16
Remedies for Noncompliance.....	17
Additional Conditions.....	17
Termination of Agreement.....	17
Appeal Process.....	18
Closeout	18
Property Management and Disposition.....	18
Equipment	18
Property Records.....	18
Disposition of Equipment and Supplies.....	18
Record Retention	19

2015 Specialty Crop Block Grant Program Grant Management Procedure Manual

Authority and Purpose

The 2015 Specialty Crop Block Grant Program–Farm Bill is authorized by section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note) and amended under section 10010 of the Agricultural Act of 2014 (Public Law 113-79), and implemented under 7 CFR part 1201 (published March 27, 2009; 74 FR 13313).

The purpose of the Specialty Crop Block Grant Program 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 eligible and ineligible commodities.

Purpose of the Grant Management Procedure Manual

The 2015 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

Office of Grants Administration

The California Department of Food and Agriculture (CDFA), Office of Grants Administration (OGA) manages the SCBGP Recipient Grant Agreements, and ensures Recipients are compliant with applicable Federal regulations and requirements, and grant terms and conditions. The OGA also provides Recipients with technical assistance throughout the Grant Agreement term.

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. 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.

Prior Approval Required

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

- Revision of the scope of work, objectives, work plan, activities, milestones, dates, or deliverables
- Budget changes
- Line item shifts
- Purchase of equipment

- Rental of land
- Foreign travel
- Contracting out or obtaining the services of a third party
- Contractor/Consultant rates in excess of [GS-15, Step 10](#)
- Fixed amount contracts
- Change in Recipient organization or key personnel
- Absence of key personnel
- Charging typically indirect costs as direct costs

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 state, local, and Tribal governments; public and private colleges and universities; and non-profit organizations are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards contained in [2 CFR part 200](#) and [2 CFR part 400](#).

Grant funds awarded to federal government entities are subject to the Uniform Administrative Requirements and Cost Principles for Federal Awards contained in [2 CFR part 200](#) and [2 CFR part 400](#).

Grant funds awarded to For-Profit Organizations are subject to the Uniform Administrative Requirements contained in [2 CFR part 200](#) and [2 CFR part 400](#), and the Cost Principles contained in the Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at [48 CFR 31.2](#).

Recipients are responsible for the consistent application of the Federal regulations to the SCBGP grant funds. Recipients are responsible for ensuring their contractors/consultants comply with the Federal regulations.

The CFR is accessible on the [National Archives and Records Administration](#) website and in the Electronic Code of Federal Regulations at www.ecfr.gov.

Compliance with Program Requirement 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

In addition to the requirement to solely enhance the competitiveness of specialty crops, a cost is allowable if it directly relates to the approved 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 collection and analysis, land rentals, and training.

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 of the Grant Agreement. A cost is also unallowable if it does not solely benefit specialty crops, is not contained in the approved scope of work, or is not necessary and reasonable to advance the work of the project. Unallowable costs will not be reimbursed.

Specific expenses that are unallowable include but are not limited to costs that benefit non-specialty crops, sponsorships, hospitality suites, incentives, donations, gifts, give-aways, alcoholic beverages except when the costs are associated with enhancing the competitiveness of a processed product, 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 promoting an organization or membership building, costs associated with lobbying, costs for organized fundraising including financial campaigns and solicitation of gifts.

Questions regarding allowable costs should be directed to the assigned Grant Specialist.

Direct and Indirect Costs

Indirect Cost Rate

Indirect costs are limited to a maximum of 5% 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

It is not allowable to charge an indirect cost as a direct cost. Recipients are responsible for presenting costs incurred for the same purpose in like circumstances consistently and must not include costs associated with their organization's indirect costs as direct costs.

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,

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

The salaries of administrative and clerical staff should normally be treated as indirect costs. However, 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; and
2. Costs involved can be specifically identified with the project or activity; and
3. Such costs are explicitly included in the approved budget or have prior written approval of the USDA; and
4. The costs are not also recovered as indirect costs.

All criteria above must be met before a determination can be made whether the costs are allowable as direct costs. Approval must also be obtained from CDFA or USDA. Compliance with other requirements, such as timekeeping requirements, must also be met.

Scope of Work Revisions

Scope of Work (SOW) revisions are 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 OGA and/or USDA. Failure to obtain prior approval of SOW revisions may result in unallowable costs as reimbursement is available only for approved project activities.

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, or revisions to existing activities, deliverables, or contractor/consultant activities or deliverables.
- Change of Recipient, Recipient organization name, or Recipient organizational status.

Budget Revisions

Recipients are required to complete and submit to OGA a Line Item Shift Request (LISR) in advance to adjust budget line items. All un-shaded areas of the form must be completed.

- Enter the current approved budget amounts (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 the minus sign “-“, 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 project award amount 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 may be required.

- LISRs must be accompanied by a revised budget narrative.

Notification of Problems and Delays

Recipients must immediately notify the OGA of any delays, problems, and/or adverse conditions that may 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. 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. A description of activities must be included, and the description must include enough detail to determine whether the activity is project-related. This also applies to salaried employees, such as Executive Directors. [\[2 CFR 430\]](#) Costs not adequately supported are unallowable and will not be reimbursed.

Travel

All travel costs must be substantiated by receipts. Costs not substantiated by receipts are unallowable costs and will not be reimbursed. Credit card statements are not acceptable as receipts to support travel costs.

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](#). Regardless of the Recipients' travel policies, the maximum allowable rate may not exceed those established by the U.S. General Services Administration (GSA).

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. The maximum lodging rates established by CalHR are:

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. Mileage logs should be utilized to substantiate mileage costs.

Reimbursement for parking is up to the actual cost.

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 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 OGA and/or USDA. Please see [Prior Approval Required](#) on page 6.

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. Contracting out must not affect the Recipient’s overall responsibility for the management of the project, and the Recipient must reserve sufficient rights and control to enable it to fulfill its responsibilities for the project.

Prior approval is required when contracting out or obtaining the services of a third party. Please see [Prior Approval Required](#) on page 6 and [Scope of Work Revisions](#) on page 9.

Competitive Process

Federal regulations require all procurement transactions be conducted in a manner providing full and open competition and consistent with the procurement standards of [2 CFR 200.317 – 200.326](#).

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 of the contract, a description of activities, services or deliverables to be performed with a time schedule, a budget, the cost principles to be used in determining allowable costs, 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’, payment provisions, and the policies and requirements that apply to the contractor/consultant (including those required by [Appendix II to 2 CFR 200](#)). The budget must include the same line item categories as the Grant Agreement budget.

Contractor/consultant invoices must include sufficient detail and information to determine that the expenditures invoiced are project-related, reasonable and allowable.

Compensation

Compensation for contractors/consultants may not exceed [GS-15 step 10](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/) (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>) for the locality, excluding travel and subsistence costs, unless a justification is provided and approved. Note: Procurement through a competitive process does not constitute an approved justification for exceeding the GS-15 step 10 rate; conversely, approval of a rate exceeding GS-15 step 10 does not eliminate the requirement to conduct a competitive procurement process. Contractors/consultants must comply with federal requirements regarding timekeeping.

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 OGA 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. The justification must include a description of the steps taken to hire a contractor and how the determination was made that the pool of available and qualified contractors is limited.

Note: Procurement through a competitive process does not constitute an approved justification for exceeding the GS-15 step 10 rate; conversely, approval of a rate exceeding GS-15 step 10 does not eliminate the requirement to conduct a competitive procurement process.

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.

Records

Recipients must maintain all project-related records. Project-related records must be made available to OGA or its designees upon request. Please see [Record Retention](#) on page 18 for additional requirements.

Invoicing for Payment

Payment Methods

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments. It may take up to 45 days from the date the invoice or advance payment request is received for a payment check to be issued by the State Controller’s Office.

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. Advance payment is not allowable under the following circumstances:

- an existing advance is not completely liquidated;
- the advance will reduce the project balance below 10% of the award amount;

- there is an invoice dispute;
- there is a pending resolution of an audit or desk review finding of overpayment, unallowable costs, inadequately supported, or unsupported costs;
- the project is not current in invoicing or reporting;
- the project is in the final three months of the project duration;
- additional conditions imposed prohibit an advance payment.

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 and mailed to Cashier, Department of Food and Agriculture, P.O. Box 942872, Sacramento, CA 94271-2872. Please note the agreement number on the check.

Reimbursement Payments

Recipients submit invoices to OGA 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

The OGA initiates each invoice cycle by generating an electronic invoice template. OGA emails Recipients an invoice template with the Grant Agreement Number, Recipient Name, Project Title, Invoice Number, Project Budget, and Invoiced to Date entered. The invoice template provided by OGA must be used; invoices generated or altered by the Recipient, except as indicated below, will not be accepted.

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

Recipients complete the Amount Requested column on the invoice and submit the signed invoice to OGA. The Recipient will also enter the amount of Program Income if applicable.

No Expenditure Invoice

Recipient checks the “NO EXPENDITURES” box, signs, dates, and returns the invoice to the OGA. 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. OGA adjusts the Less Advance amount each billing period until the advance is offset 100% by expenditures.

Final Invoice

Recipients follow the instructions for a Request for Reimbursement Invoice, and mark the invoice as “Final” indicating all payment obligations have been met and no further payments are due.

Withholds

Withhold Payment Notification

OGA will issue a Withhold Payment Notification (Notification) to delay payment of an invoice if there is an invoice discrepancy or error, unallowable costs claimed, 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. A Notification will not be sent for funds withheld pending closeout (see [Withhold Pending Closeout](#)).

See *Appeal Process* on page 16 for information regarding appealing a withhold notification.

Withhold Pending Closeout

OGA 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 prior to closeout. A Withhold/Dispute Notice will not be sent, and the 10% withhold may not be appealed.

Publicity and Acknowledgement

Publicity

Recipients must notify the OGA 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 may 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, whether acknowledging USDA’s SCBGP support or not, should be submitted to OGA for its files.

If choosing to acknowledge USDA’s SCBGP support, acknowledgements must read as follows: “This publication [or project] was supported by the U.S. Department of Agriculture’s (USDA) Agricultural Marketing Service through Grant 15-SCBGP-CA-0046. 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.

Special purpose equipment is allowable with prior approval from OGA 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 from OGA approximately one month prior to the reporting due date, which are:

- April 30 (reporting period October 1 – March 31)
- October 30 (reporting period 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. Recipients will receive a final report template from OGA approximately one month prior to the end of the project.

Single Audit Requirements

State, local, and tribal governments, non-profit organizations, and institutions of higher education that expend more than \$750,000 annually in Federal awards must comply with the single audit requirements contained in [2 CFR 200 Subpart F](#), and are required to submit a copy of the single audit report to OGA.

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 (also known as an Agreed-Upon-Procedure or AUP). 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 the intended purpose in compliance with Federal cost principles, the Grant Agreement terms and conditions, and this GMP.

Site visits, audits, and desk reviews 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.

Remedies for Noncompliance

Pursuant to [2 CFR 200.338](#), OGA may take one or more of the following remedies for failure to comply with Federal and State laws and regulations, Grant Agreement terms and conditions, and/or the GMP Manual:

- Disallowance of costs for all or part of the cost of the activity or action not in compliance, or for the invoicing or reporting period not in compliance;
- Withdrawal of authorized personnel approval;
- Withholding of payments;
- Denial of advance payment requests;
- Imposition of additional conditions
- Suspension or termination of the Agreement.

Additional Conditions

Pursuant to [2 CFR 200.207](#), OGA may impose additional specific conditions on Recipients who are noncompliant with Federal and State laws and regulations, Grant Agreement terms and conditions, and/or the GMP Manual.

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

- Late invoices or progress reports
- Audit or desk review findings
- History of unsatisfactory performance
- Noncompliance with terms and conditions of current or previous SCBGP awards

Additional condition examples include but are not limited to:

- 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
- Requiring payments as reimbursements rather than advance payments
- Establishing additional prior approvals

Recipients will be notified in writing of the additional conditions imposed; the reasons for imposing the additional conditions; the actions required, if any, to remove the additional conditions; the timeframe in which the required actions must be completed; and the method appealing the additional conditions imposed.

Termination of Agreement

Pursuant to [2 CFR 200.338 – 200.340](#), OGA may terminate an Agreement for noncompliance. The Recipient will be notified in writing of the reasons for termination, the date the termination is effective, and the method for appealing the termination.

Appeal Process

Actions that may be appealed include but are not limited to:

- Withhold of invoice payment (see page 14);
- Imposition of additional conditions (see page 16); or
- Termination of Agreement (see page 16)

Appeals must be in writing, post marked within 10 calendar days of the date of the notification, and mailed to:

California Department of Food and Agriculture
Office of Hearings and Appeals
1220 N Street, Suite 400
Sacramento, CA 95814

The appeal must include a copy of the notification or the name of the recipient organization, the project number, the title of the project; the reasons the action should not be imposed, including any documentation to support the appeal, and the signature of the authorized representative. Appeals not received within the timeframe will be denied.

The action specified in the notification remains in effect while the appeal is under review.

Closeout

Before the Grant Agreement is closed, OGA will review the final performance report and invoice, and verify resolution of any project performance concerns or compliance audit findings. A closeout letter and final payment will be issued when closeout review 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 the property standards contained in [2 CFR 200.310 – 200.316](#). 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 [2 CFR 200.310 – 200.316](#). 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 and Supplies

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 the provisions in [2 CFR 200.313](#). 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.

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project, the Recipient must comply with [2 CFR 200.314](#).

A Grant Specialist can provide guidance regarding disposition of equipment or supplies.

Record Retention

Record retention and accessibility is governed by [2 CFR 200.333](#) and [200.337](#).

Recipient must retain financial records, project records, and supporting documents until December 29, 2021.

Records that must be retained include:

- Time sheets and records that reflect the total activity (including descriptions) 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.