

2017 SPECIALTY CROP BLOCK GRANT PROGRAM

Grant Management Procedures Manual

CATALOG OF FEDERAL DOMESTIC ASSISTANCE 10.170

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Revisions

January 2018

Revised *Prior Approval Required*, page 2

Added to existing language:

- “Selling and marketing costs”
- “Participant support costs (stipends)”

Added *Restriction on Travel to States with Discriminatory Laws*, page 8

Added: “California Assembly Bill 1887 prohibits the use of state-funded or state-sponsored travel to any state that has enacted discriminatory laws or practices. The Attorney General will maintain a current list of states that are subject to the travel prohibition on its website: <https://oag.ca.gov/ab1887>. The following states are currently subject to California’s prohibition on state-funded or state-sponsored travel: Alabama, Kansas, Kentucky, Mississippi, North Carolina, South Dakota, Tennessee, and Texas. Costs associated with travel to the states affected by this restriction are unallowable.”

Added *Rental Vehicle*, page 9

Added: “Recipients should utilize the most economical rental vehicle option available. Reimbursement is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate. In cases where there is a need for another type of vehicle (such as several people traveling together with luggage or carrying equipment), the recipient must provide a justification to the Grant Specialist. Fuel reimbursement when using a rental vehicle will be at the actual cost for the fuel, and must be supported with receipts.”

Revised “*Mileage and Parking*” to “*Privately Owned Vehicles*” and “*Parking*,” page 9

Separated into two different sections: *Privately Owned Vehicles* and *Parking*

June 2018

Revised *Restriction on Travel to States with Discriminatory Laws*, page 8

Added Oklahoma to the list of states currently subject to California’s prohibition on state-funded or state-sponsored travel.

June 2019

Revised *Unallowable Costs*, page 4

Added to existing language: “and all costs associated with travel to a state with discriminatory laws including all conference costs and registration fees (see *Restriction on Travel to States with Discriminatory Laws* on page 8).”

Added *One-Time Extension*, page 7

Added: Recipients may request a one-time extension of up to 60 calendar days if the project cannot be completed within the agreement term established in the Grant Agreement. The request must be submitted, in writing, to the assigned Grant Specialist no later than 30 calendar days prior to the end of the agreement term. CDFA will not accept requests in the first year of the agreement term. The request must include the following:

- The length of additional time requested, not to exceed 60 calendar days;
- A justification for the extension;
- A summary of the progress of the project since the most recent progress report;
- A SOW revision that includes a revised work plan with a new timetable for completing the project along with any changes required to the budget; and
- A LISR (if necessary).

Requests for a one-time extension will be reviewed on a case-by-case basis. Extensions will only be granted when the recipient can demonstrate that the project has been delayed due to extraordinary circumstances. For example, failure to expend all grant funds or timely hire of staff are not, by themselves, sufficient justification to receive a no-cost time extension.

Revised Restriction on Travel to States with Discriminatory Laws, page 8

Added South Carolina to the list of states currently subject to California's prohibition on state-funded or state-sponsored travel.

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Overview

Authority and Program Purpose

The 2017 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), 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 (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 USDA’s [“What is a Specialty Crop”](#) website for a list of eligible and ineligible commodities.

Purpose of the Grant Management Procedures Manual

The 2017 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 on the CDFA SCBGP [Recipient Resources page](#).

Prior Approval Required

Prior approval is required from OGA and, in some instances, 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 special purpose 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/flat rate contracts
- Change in Recipient organization or key personnel
- Absence of key personnel
- Selling and marketing costs
- Participant support costs (stipends)

Note: For Fixed Amount Awards, prior approval is not generally required when changes are made to the project, except when the project outcomes/deliverables will also change.

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 costs being deemed unallowable and request for reimbursement being denied.

Project Management

Compliance with Federal Requirements

Guidance for federal awards is published in the Code of Federal Regulations (CFR). The CFR is accessible through the Electronic Code of Federal Regulations at www.ecfr.gov.

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 federal regulations to the SCBGP grant funds. Recipients are responsible for ensuring their contractors/consultants comply with federal regulations.

Solely Enhancing 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 guidance regarding this requirement is available on [CDFA's SCBGP website](#) 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, scientific research equipment, subcontractors and materials, data collection and analysis, land rentals, and training.

Expenditures must conform to USDA and CDFA program requirements, be made in compliance with federal and state laws and regulations as applicable, and 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, giveaways, 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, and all costs associated with travel to a state with discriminatory laws including all conference costs and registration fees (see [Restriction on Travel to States with Discriminatory Laws](#) on page 8).

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 eight percent (8%) of the total amount of Salary and Wages plus Fringe Benefits. 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, travel, equipment, and supplies necessary to the project.

Indirect costs (also known as “facilities and administrative 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, general administration expenses (such as supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation, and 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;
2. Costs involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the approved budget; 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 OGA and in some instances, USDA. Compliance with other requirements, such as timekeeping requirements, must also be met.

The following are considered indirect and may not be charged to the grant as direct costs:

- Information technology services
- Rent
- Utilities and internet service
- Telephone service (mobile and land-line)
- General office supplies
- Insurance and indemnification

Scope of Work Revisions

Scope of Work (SOW) revisions are required when activities, milestones, dates, deliverables, and or budget changes. Requests for revisions must be made in writing and provide sufficient information to explain the need and how the change affects the project. Revisions must be requested by an authorized official of the Recipient organization, and approved by OGA and in some instances, USDA. Reimbursement is available only for approved project activities. Failure to obtain prior approval of SOW revisions may result in costs being deemed unallowable and request for reimbursement denied.

Examples of project changes that require a SOW revision include, but are not limited to:

- Changes within the budget line items (addition/deletion of personnel, travel, supplies, etc.).
- 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 percent 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.

Scope of Work Revisions for Fixed Amount Awards

Generally, Recipients of Fixed Amount Awards are expected to achieve the objectives in their SOW without change. However, SOW revisions are required when objectives or deliverables within the objectives table must be altered.

A SOW revision is not necessary for Fixed Amount Awards in the event of a transfer of project work or changes in the status of the Principal Investigator or Project Director, unless this also affects the Recipient's ability to complete the objective and deliverables of the project.

Line Item Shift Requests

In the event a change to the projects budget line items is necessary, Recipients are required to complete and submit to OGA a SOW revision along with a Line Item Shift Request (LISR) in advance to adjust budget line items. Approval for the LISR must be obtained from OGA prior to incurring costs under the revised budget.

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 total personnel costs decrease, the indirect budget line item must be decreased accordingly.
- If cumulative LISRs result in a budget change of 10 percent or more, USDA approval may be required.
- LISRs must be accompanied by a SOW revision.

Line Item Shift Requests for Fixed Amount Awards

Recipients of Fixed Amount Awards are not required to submit a LISR when changes to the budget are necessary to achieve the project objectives detailed in the SOW. While submitting a LISR is not generally required for Fixed Amount Awards, Recipients may not make changes to their budget that will result in unallowable costs or increased indirect costs.

Notification of Problems and Delays

Recipients must immediately notify 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 resulting in activities being delayed or eliminated. Some problems and delays may require a SOW revision.

One-Time Extension

Recipients may request a one-time extension of up to 60 calendar days if the project cannot be completed within the agreement term established in the Grant Agreement. The request must be submitted, in writing, to the assigned Grant Specialist no later than 30 calendar days prior to the end of the agreement term. CDFA will not accept requests in the first year of the agreement term. The request must include the following:

- The length of additional time requested, not to exceed 60 calendar days;
- A justification for the extension;
- A summary of the progress of the project since the most recent progress report;
- A SOW revision that includes a revised work plan with a new timetable for completing the project along with any changes required to the budget; and
- A LISR (if necessary).

Requests for a one-time extension will be reviewed on a case-by-case basis. Extensions will only be granted when the recipient can demonstrate that the project has been delayed due to extraordinary circumstances. For example, failure to expend all grant funds or timely hire of staff are not, by themselves, sufficient justification to receive a no-cost time extension.

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 to further enhance the project objectives and must be expended on allowable project costs that solely enhance the competitiveness of specialty crops. It is unallowable to retain program income as profit or funding for the Recipient or to expend program income on unallowable costs.

Program income is reported on invoices, progress reports and final reports. Reporting on progress and final reports includes the nature or source of the program income (e.g., registration fees) and the amount.

Cost Share

Cost share refers to matching funds and/or in-kind contributions. The Recipient is to notify the Grant Specialist if the amount or activities covered by the cost share has changed.

Cost share is reported on progress reports and final reports. Reporting on progress and final reports includes the type of cost share (i.e., matching funds or in-kind contributions) and the amount.

Timekeeping Requirements

Activity reports are required 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 (reference [2 CFR 200.430](#)). 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 considered unallowable and will not be reimbursed. Credit card statements are not acceptable as receipts to support travel costs.

Restriction on Travel to States with Discriminatory Laws

California Assembly Bill 1887 prohibits the use of state-funded or state-sponsored travel to any state that has enacted discriminatory laws or practices. The Attorney General will maintain a current list of states that are subject to the travel prohibition on its website: <https://oag.ca.gov/ab1887>. The following states are currently subject to California's prohibition on state-funded or state-sponsored travel: Alabama, Kansas, Kentucky, Mississippi, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee, and Texas. Costs associated with travel to the states affected by this restriction are unallowable.

Domestic 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 lesser of the rates in effect at the time of travel as established by the United States (U.S.) [General Services Administration \(GSA\)](#), or the Recipient's

established travel policy.

Foreign Travel

Note: Foreign travel requires prior approval from OGA and USDA. Please see [Prior Approval Required](#) on page 2.

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.

Rental Vehicle

Recipients should utilize the most economical rental vehicle option available. Reimbursement is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate. In cases where there is a need for another type of vehicle (such as several people traveling together with luggage or carrying equipment), the recipient must provide a justification to the Grant Specialist.

Fuel reimbursement when using a rental vehicle will be at the actual cost for the fuel and must be supported with receipts.

Privately Owned Vehicle

Mileage reimbursement for using a privately owned vehicle will be at the [standard mileage rate](#) established by the U.S. Internal Revenue Service in effect at the time of travel. Mileage logs should be utilized to substantiate mileage costs.

Parking

Recipients should utilize the most economical parking option available. Reimbursement for parking is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate.

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 controls to enable it to fulfill its responsibilities for the project.

Recipients must establish and follow a documented procurement policy which conforms to applicable federal law and reflects applicable state, local and tribal laws and regulations. Reference [2 CFR 200.318](#) for additional information on general procurement standards.

Prior approval is required when contracting out or obtaining the services of a third party. Please see [Prior Approval Required](#) on page 2 and [Scope of Work Revisions](#) on page 5.

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, 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.

The written agreements should include language stating "all expenditures will comply with the Specialty Crop Block Grant Program requirement that grant funds must solely enhance the competitiveness of specialty crops." When this language cannot be included, the Recipient must have adequate justification for its exclusion (e.g., the Recipient has a pre-existing agreement that does not include the cited language or a multi-facet agreement that includes activities not solely funded by SCBGP). Exclusion of

this language, when necessary, does not negate the responsibility of the Recipient to ensure that work completed by the contractor/consultant conforms to the program requirements and solely enhances the competitiveness of specialty crops.

Compensation

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

Contractors/consultants must comply with federal requirements regarding timekeeping. Hourly or salaried compensation (including hourly rates for “Professional Services”) for contractors/consultants may not exceed [GS-15 step 10](#) for the Recipient’s locality unless a justification is provided and approved.

Compensation based on a flat-rate for services requires pre-approval from OGA and USDA. When utilizing a flat-rate for services, Recipients must include a justification for the flat-rate fee and demonstrate the rate is reasonable and consistent with fees in the marketplace for similar services. The inclusion of costs that would otherwise be unallowable within a flat-rate for services is prohibited.

Justification for Compensation Exceeding Maximum Rate

Compensation for contractors/consultants may not exceed [GS-15 step 10](#) unless one of the following is provided to and approved by OGA and, in some instances, 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:

- *GS-15 step 10 is a salary table; the rate listed does not include fringe benefits, travel, indirect costs or other expenses.*
- *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 4). Indirect costs cannot be increased from the originally approved amount.

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.

Scientific research equipment is allowable with prior approval from OGA and USDA. General purpose equipment is not allowable.

Please see [Property Management and Disposition](#) on page 21 for additional requirements.

Publicity and Acknowledgment

Publicity

Recipients must notify OGA in writing at least two working days before any news/press releases or public conferences are initiated by the Recipient or its contractors relating 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, acknowledgments must read as follows: "Funding for [Project or Publication] was made possible by the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service through grant AM170100XXXXG011. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA."

Invoicing

Invoicing for Payment of Conventional Grant Awards

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 check to be issued by the California State Controller's Office on behalf of CDFA.

Advance Payments

Recipients may be eligible to receive an advance payment to cover anticipated project expenditures. Advance payments may not exceed 10 percent of the total award. Requests must be submitted using the Advance Payment Request form found on the [Recipient Resources page](#). 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 percent 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;
- the project is a Fixed Amount Award (see [Invoicing for Payment of Fixed Amount Awards](#) on page 15 for additional information); and/or,
- additional conditions imposed prohibit an advance payment.

Advance Payment Request Procedures. Advance Payment Requests are processed once per month. To ensure timely processing of an Advance Payment Request, the Recipient must do the following:

- Estimate the advance amount needed for up to a three-month period;
- Complete an Advance Payment Request and justification (e.g., cash flow issues); and
- Submit the Advance Payment Request and justification to their Grant Specialist no less than two business days before the 29th day of each month.

Advance Payment Requests received after the deadline will be processed the following month.

The California 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 Grant Agreement number on the check.

Reimbursement Payments

Recipients submit invoices to OGA for reimbursement of actual expenditures incurred. 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

Note: The first invoice period will be November 1, 2017 – December 31, 2017. The following invoices will coincide to the quarters listed above.

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 will not be accepted.

When to Submit Invoices

Invoices are due no later than 30 days after the quarterly invoice period and are required even if no 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. Recipient completes the Amount Requested column on the invoice, signs, dates, and submits the invoice to OGA. The Recipient will also enter the amount of Program Income earned, if applicable.

No Expenditure Invoice. Recipient checks the “NO EXPENDITURES” box, signs, dates, and submits the invoice to OGA. No Expenditure Invoices must be accompanied by an explanation why no costs were incurred during the billing period.

Advance Payment Offset Invoice. Recipient follows the instructions for a 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 percent by expenditures.

Final Invoice. Recipient follows the instructions for a Reimbursement Invoice and marks 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 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 Withhold Payment 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 Withhold Payment Notification will not be sent for funds withheld pending closeout, see Withhold Pending Closeout below.

See [Appeal Process](#) on page 19 for information regarding appealing a Withhold Payment Notification.

Withhold Pending Closeout

OGA will withhold 10 percent 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 Payment Notification will not be sent, and the 10 percent withhold may not be appealed.

Invoicing for Payment of Fixed Amount Awards

Payment for Fixed Amount Awards is based on reimbursement for actual expenditures incurred to complete the activities in the objectives table within the SOW. For this reason, Fixed Amount Awards are not eligible for advance payments.

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 per Objective, and Invoiced to Date entered. The invoice template provided by OGA must be used; invoices generated or altered by the Recipient will not be accepted.

When to Submit Invoices

Recipients submit invoices to OGA for costs specified in the objectives table within 30 days of completing each objective. 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

Fixed Amount Award Reimbursement Invoice. Recipient completes the Amount Requested column on the invoice for the objective completed, signs, dates, and returns the invoice to OGA. The Recipient will also enter the amount of Program Income earned, if applicable.

Final Invoice. Recipient follows the instructions for the Fixed Amount Award Reimbursement Invoice and marks the invoice as “Final” indicating all payment obligations have been met and no further payments are due.

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Reporting Requirements

Progress Reports for Conventional Grant Awards

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 each reporting due date, which are:

- April 30, 2018 (reporting period 11/1/2017 – 3/31/2018)
- October 30, 2018 (reporting period 4/1/2018 – 9/30/2018)
- April 30, 2019 (reporting period 10/1/2018 – 3/31/2019)
- October 30, 2019 (reporting period 4/1/2019 – 9/30/2019)

Progress Report for Fixed Amount Awards

Fixed Amount Awards Recipients are required to submit one annual progress report no later than 30 days after the end of the first year of the project term. 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 is November 30, 2018 (reporting period 11/1/2017 – 10/31/2018).

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 and Remedies for Noncompliance

Compliance Reviews

All Grant Agreements are subject to a minimum of one performance site visit, as well as a financial compliance audit, desk review and/or Agreed Upon Procedure (AUP). For Fixed Amount Awards, a second performance site visit may be substituted for a financial compliance audit, desk review or AUP. The purpose of compliance reviews is to determine whether measurable outcomes are being met, 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 the GMP.

Site visits, audits, desk reviews and AUPs 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 or AUP. Documentation may include but is not limited to timesheets and payroll records, travel logs that document mileage, invoices/receipts for costs incurred, lodging, and meals, and contractor/consultant contracts and invoices.

A Grant Specialist will contact the Recipient to schedule a performance site visit and/or desk review.

An authorized representative of OGA, such as a CDFA auditor, will contact the Recipient to schedule an audit.

An authorized representative of OGA, such as a CDFA auditor, will contact the Recipient to request supporting documentation for an AUP.

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:

- 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; and,
- Suspension or termination of the Grant 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.

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

- Late invoices or progress reports;
- Audit, desk review or AUP findings;
- History of unsatisfactory performance; and/or
- 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, desk reviews and/or AUPs;
- Requiring payments as reimbursements rather than advance payments; and/or
- 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 of appealing the additional conditions imposed.

Termination of Grant Agreement

Pursuant to [2 CFR 200.338 – 200.340](#), OGA may terminate a Grant 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 Payment Notification (see [page 15](#) and [page 16](#));
- Additional Conditions (see [page 19](#)); or
- Termination of Agreement (see [page 19](#))

Appeals must be in writing either mailed to:

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

Or via email to: CDFA.LegalOffice@cdfa.ca.gov

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 must be postmarked (date stamped if via email) within 10 calendar days of the date of the notification of the action from OGA. Appeals not received within this 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

Scientific Research Equipment

The purchase, use, management, maintenance, disposition, and reporting of scientific research 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

Recipients must maintain property records for scientific research 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, 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 Scientific Research Equipment and Supplies

If scientific research 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 OGA 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 [2 CFR 200.337](#).

Recipient must retain financial records, project records, and supporting documents until December 29, 2023 or until any litigation related to the grant is resolved, whichever is later. All records must be made available to OGA or its designees upon request.

Records that must be retained include:

- Timesheets 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; and,
- All other supporting documentation related to the Grant Agreement.