2026 Specialty Crop Block Grant Program

Grant Management Procedures Manual

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Overview

Authority and Program Purpose

The 2026 Specialty Crop Block Grant Program (SCBGP)–Farm Bill is authorized by section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note) of Public Law 108-465; amended under section 10107 of the Agricultural Improvement Act of 2018, Public Law 115-343.

The purpose of the SCBGP is to enhance the competitiveness of specialty crops. Specialty crops are fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). Visit the U.S. Department of Agriculture's (USDA) "What is a Specialty Crop" website for a list of eligible and ineligible commodities.

Purpose of the Grant Management Procedures Manual

The 2026 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 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.

Recipient Resources

Forms and templates referenced in this manual, as well as other resources, can be found on the CDFA SCBGP Recipient Resources website.

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
- Travel costs, both domestic and foreign (including costs associated with exchange rates)
- Contracting or obtaining the services of a third party
- Contractor/consultant rates in excess of GS-15, Step 10
- Fixed amount/flat rate contracts
- Farm, gardening, and production activities and supplies
- Change in Recipient organization or key personnel
- Absence of key personnel, or a reduction of key personnel time committed to the project of 25 percent or greater
- Change or addition of personnel related to administrative and clerical staff salaries
- Revision to outcome measures, indicators and/or sub-indicators
- Selling and marketing costs
- Food for displays, tastings, and cooking demonstrations
- Participant support costs
    - Stipends
    - Registration fees paid to or on behalf of participants or trainees (but not employees) in connection with approved conferences, training projects, surveys, and focus groups.
- Changes to the use of Program Income (if applicable)
- Drone activities or procurement

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

Enhancing the Competitiveness of Specialty Crops

SCBGP funding must enhance the competitiveness of specialty crops. Expenditures that do not enhance the competitiveness of specialty crops are unallowable. Additional guidance regarding this requirement is available on the CDFA SCBGP Recipient Resources website or from the assigned Grant Analyst.

Allowable Costs

In addition to the requirement to 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, special purpose equipment, subcontractors and materials, data collection and analysis, land or equipment 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 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, 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, alcoholic beverages for celebratory purposes or personal consumption, lodging, rentals, transportation, and gratuities), costs associated with promoting an organization or membership building, costs associated with lobbying, and costs for organized fundraising including financial campaigns and solicitation of gifts.

Additional guidance regarding allowable and unallowable costs and activities is available on the CDFA SCBGP Recipient Resources website or from the assigned Grant Analyst.

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

Recipients are prohibited from charging 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 cost policy 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 also not 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 USDA. Compliance with other requirements, such as timekeeping requirements, must also be met.

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

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

Scope of Work Revisions

Scope of Work (SOW) revisions are required when changes to activities, milestones, dates, deliverables, support from other grant programs, and/or budget occur. 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, request for reimbursement denied, and may result in audit findings.

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

- Changes within the budget line items (addition, deletion, or revision of personnel, contractors/consultants, 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, deletion, or revision of activities and/or deliverables.
- Change of Recipient, Recipient organization name, or Recipient organizational status.
- Changes to the outcome measures, indicators or sub-indicators.
- The Recipient receives grant funds to support similar project costs/activities from another federal or state grant program.
- The Recipient receives federal or state assistance to support costs that are also supported with SCBGP funds (e.g. a forgiven loan from the Paycheck Protection Program or a California Small Business COVID-19 Relief Grant).

Consult with the assigned Grant Analyst for further instructions on completing a SOW revision.

Line Item Shift Requests

In the event a change to the project's 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 of 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 (cumulative of the Recipient and all contractors) cannot be increased from the originally approved budget amount. If total personnel costs decrease, the indirect budget line item must be decreased accordingly.
- LISRs must be accompanied by a SOW revision.

Note: Recipients may have multiple LISRs throughout the Agreement Term.

Notification of Problems and Delays

Recipients must immediately notify the assigned Grant Analyst of any delays, problems, and/or adverse conditions that may materially affect the project. Some problems and delays may require a SOW revision. 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;
- Challenges quantifying activities related to the expected measurable outcomes;
- Substituting commodities identified in the project;
- Challenges or inability to fill vacant positions resulting in activities being delayed or eliminated;
- Delays meeting required due dates for invoices, progress reports, or the final report.

No-Cost Time Extensions

Recipients with a Grant Agreement expiration date prior to June 30, 2029, may be eligible for a no-cost time extension up to June 30, 2029. The request must be submitted, in writing, to the assigned Grant Analyst no later than 90 calendar days prior to the end of the Grant Agreement. Requests for a no-cost time extension will be reviewed on a case-by-case basis.

Recipients with a Grant Agreement expiration date of June 30, 2029, will not be eligible for a no-cost time extension.

Program Income

Program income is earned by the Recipient from activities supported by or as a result of the grant. The authorized use of program income for the SCBGP is the Addition method (reference 2 CFR 200.307(b)(2)). Recipients are prohibited from retaining program income as profit or funding for the Recipient. Program income must be expended during the grant duration on allowable project costs that further the project objectives and enhance the competitiveness of specialty crops. Program income may not be used to support unallowable costs or activities. Recipients should use program income as soon as reasonably possible.

The Deduction method (reference 2 CFR 200.307(b)(1)) will be used if program income is earned at the end of the grant or if there are unused program income funds at the end of the grant. The Deduction method will be applied by reducing the final invoice by the amount of program income left unspent. If the final reimbursement invoice is less than the amount of unspent program income, then the Recipient must remit to CDFA the unused portion of program income 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.

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), the amount, and a description of how the program income was used. The Recipient must track program income generated and its use and make available

upon request by CDFA. In addition, program income is subject to a financial compliance audit to ensure funds are being used for the intended purpose in compliance with federal cost principles and the Grant Agreement.

Changes to the use of or how program income is generated require prior approval through a SOW revision.

Cost Share

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

Cost share is reported on invoices, 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. Exception: Institutions of higher education are required to maintain time and effort certification reports to support salary and wage, and fringe benefits to confirm the expended effort on specific projects in accordance with their established policy.

Fringe benefits must be billed at or below actual cost in accordance with the Recipient's established fringe benefits policy; billing fringe benefits based on estimated rates is unallowable.

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.

Prior approval is required for both domestic and foreign travel. Please see Prior Approval Required on page 2 and Scope of Work Revisions on page 5.

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. Exception: Institutions of higher education must follow their established travel policy.

Luxury accommodations include lodging at all-inclusive hotels/resorts or multi-bedroom suites are never appropriate using federal funds. Luxury accommodations or other forms of lodging that exceed the GSA rate, even when travel involves multiple individuals sharing a single accommodation such as a suite, are unallowable.

Foreign Travel

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.

Ground Transportation

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 (IRS) in effect at the time of travel. Mileage logs should be utilized to substantiate mileage costs.

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. The cost for a rental vehicle will only be reimbursed for travel related to the project and will not be reimbursed to accommodate any personal travel. 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 Analyst.

Fuel reimbursement when using a rental vehicle will be at the actual cost for the fuel and must be supported with receipts. Recipients will not be reimbursed the standard mileage rate established by the IRS for a rental vehicle.

Rideshare Service

Recipients should utilize the most economical rideshare service (e.g., Uber, Lyft, taxicab) option available. Reimbursement will be at the actual cost and must be supported with receipts.

Note: Travel by a luxury vehicle such as a limousine is never appropriate using federal funds and will not be reimbursed.

Parking

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

Air Travel

All travelers must use economy-based rates for airfare. Reimbursement is available up to the actual airfare expenses incurred and must be supported with receipts. The following costs related to air travel are unallowable and will not be reimbursed:

- Upgraded seats
- Priority boarding
- Excessive booking fees
- Seat assignment fees

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. Reference the Procuring Goods and Services Using Federal Funds guide for additional information.

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 to be conducted in a manner providing full and open competition and consistent with the procurement standards of 2 CFR 200.317 – 200.327. Reference the Procuring Goods and Services Using Federal Funds guide for additional information.

Required Procurement Documentation

Recipients are required to maintain procurement documentation throughout the competitive process and be able to provide documentation to CDFA upon request. Documentation includes, but is not limited to:

- Established internal procurement policy
- Procurement records such as:
    - Documentation necessary to determine reasonableness of costs;
    - Documentation for contractual selection;
    - Price or rate quotations;
    - A cost analysis.

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 (as noted in the Compliance with Federal Requirements, page 3), payment provisions, the policies and requirements that apply to the contractor/consultant (including those required by Appendix II to 2 CFR 200), and signature and date by both the Recipient and the contractor/consultant. An amendment to the contract between the Recipient and the contractor/consultant is required if there are changes to the contract such as the budget, payment provisions, services provided, etc. Amendments require a signature and date from both the Recipient and the contractor/consultant. Lastly, the budget in the contract must include categories of the same line item as the Grant Agreement budget (e.g., flat rate, personnel, fringe, etc.).

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 by OGA.

Compensation based on a flat-rate for services requires pre-approval from OGA and in some instances 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.

The rate and method of compensation (e.g., salary and fringe, flat rate, etc.) must match the SOW as well as the written agreement between the Recipient and the contractor/consultant. A SOW revision is necessary if the rate and/or method of compensation changes from the approved SOW.

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 to ensure 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. Additionally, 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.

Contractor/Consultant Invoices

The Recipient must obtain and maintain all contractor/consultant invoices and make them available to CDFA upon request. Contractor/consultant invoices must contain the following information:

- Contractor/consultant organization/name;
- Period of performance for the billing;

- Rate and method of compensation (e.g., hourly rate, flat rate, etc.); and
- A description of services and/or deliverables performed for the billing period.

Note: Compensation for the Recipient's contractors/consultants should be in compliance with the executed agreement between the Recipient and the contractor/consultant.

Equipment

Equipment is tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $10,000 or more per unit.

Special purpose equipment (used only for research, scientific, or technical activities; 2 CFR 200.1) may be purchased using SCBGP funds when reasonable and necessary and with prior approval from OGA and in some instances USDA. General purpose equipment cannot be purchased using SCBGP funds but may be rented when reasonable and necessary to project success with prior approval.

Please see Property Management and Disposition on page 23 for additional requirements.

Drone Guidance

Provisions of the American Security Drone Act of 2023 (Public Law 118-31, *National Defense Authorization Act for Fiscal Year 2024*) restricting the use of federal funds in connection with certain drones and unmanned aircraft systems (UAS) went into effect December 22, 2025.

Any drone/UAS, including critical or replacement components and associated software, procured or used in support of grant-funded project activities must comply with applicable federal requirements and be listed on the **Blue UAS Cleared List**.

Recipients must provide documentation demonstrating compliance with application requirements. Documentation must include:

- Screenshot or other documentation confirming the drone/UAS is listed on the Blue UAS Cleared List;
- Vendor quote, estimate, or invoice, as applicable;
- Photograph of the drone/UAS, if already acquired; and
- Manufacturer name, model or identification number, part number, and/or serial number, as applicable.

Additional documentation may be required by OGA and/or USDA to verify compliance with applicable federal 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 must acknowledge USDA's SCBGP support in all publications written or published. This includes reports, pamphlets, posters, fliers, brochures, or similar items, and, if feasible, any publications reporting the results of, or describing, a grant-supported activity. Recipients must also acknowledge USDA support on any audio or video product including live or prerecorded radio or television programs, audio recordings, and multimedia presentations. A copy of all publications should be submitted to OGA for its files.

USDA's SCBGP acknowledgment of support must read as follows:
"Funding for [Project or Publication] was made possible by a grant/cooperative agreement from the U.S. Department of Agriculture (USDA) Agricultural Marketing Service. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA."

Logo Usage

CDFA Logo

Recipients may not use the CDFA logo.

USDA Logo

Recipients are encouraged to use the USDA logo in their financial acknowledgment only, such as a press release announcing the grant award received; any other logo use is unallowable. When using the USDA logo, please use the logo acknowledgment images provided by USDA.

Invoicing

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 CDFA SCBGP Recipient Resources website. 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; 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 Analyst 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, 2026 – December 31, 2026. The following invoices will coincide with 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, Recipient Mailing Address, 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 Billing Period, Invoice Date, the Amount Requested column, Cost Share to Date (if applicable), Program Income Generated to Date (if applicable), and certifies that the information is correct with an authorized representative's name, phone number, email, and date. Recipient then submits the invoice to OGA for processing.

No Expenditure Invoice. Recipient completes the Billing Period, Invoice Date, checks the "NO EXPENDITURES" box, and certifies that the information is correct with an authorized representative's name, phone number, email, and date, and submits the invoice to OGA. No Expenditure Invoices must be accompanied by an explanation of 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 the advance payment. 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.

Supporting Documentation

Recipients must collect and maintain source documentation associated with costs incurred as a result of the Grant Agreement and make it available to CDFA upon request. Source documentation includes, but is not limited to, receipts, canceled checks, paid bills, payroll, time and attendance records, contracts, invoices, and subaward documents. If recipients pay a portion of the total amount indicated on the source document, it must appropriately identify the specific expenses and total amount charged to the grant.

Supporting documentation must be submitted to OGA with the first invoice with expenditures, and upon request thereafter, to ensure compliance with the Grant Agreement.

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 21 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, Final 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.

Reporting Requirements

Progress and Final Reports

In preparing state and federal SCBGP reports, either CDFA or USDA may have additional questions related to reports submitted by Recipients.. The Grant Analyst may reach out to the Recipient with additional questions or clarifications as needed. The Recipient shall provide prompt responses to any such inquiries.

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 each reporting due date, which are:

- April 30, 2027 (reporting period 11/1/2026 – 3/31/2027)
- October 30, 2027 (reporting period 4/1/2027 – 9/30/2027)
- April 30, 2028 (reporting period 10/1/2027 – 3/31/2028)
- October 30, 2028 (reporting period 4/1/2028 – 9/30/2028)
- April 30, 2029 (reporting period 10/1/2028 – 3/31/2029)

Final Reports

Recipients are required to submit a final 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. Final reports may be made public; therefore, the Recipient must avoid the use of individuals' names other than the Recipient's project contact information.

Remaining Funds Reporting

Six Months Prior to Project Completion

Recipients are required to submit a detailed projection of how expenses will be spent if the remaining budget is greater than 15 percent of the total award amount six months prior to the project's completion date.

Three Months Prior to Project Completion

Recipients are required to report any estimated unused funds three months prior to the project's completion date.

Note: There is no penalty to Recipients for having remaining funds at the end of the agreement; CDFA requests this information for budgeting purposes only.

Single Audit Requirements

State, local, and tribal governments, non-profit organizations, and institutions of higher education that expend more than $1,000,000 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). 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 Analyst 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 request supporting documentation for an AUP and/or to schedule an audit.

Remedies for Noncompliance

Pursuant to 2 CFR 200.339, 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 200.208, OGA may impose additional specific conditions on Recipients that have been identified as high risk or 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 200.340 – 200.342, 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 17);
- Additional Conditions (see page 20); or
- Termination of Grant Agreement (see page 21)

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 Grant Agreement 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 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

Intellectual Property

Intellectual property includes, but is not limited to: inventions, patents, digital and physical media, created as a result of SCBGP funding. Recipients retain title to any inventions, patents, digital and physical material conceived or developed using SCBGP funds with the following conditions:

- Recipients must promptly disclose SCBGP funded inventions to OGA. The disclosure should be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of disclosure, of the purpose, nature, and operation.
- Recipient must formally grant the federal government and CDFA a limited use license to any inventions.
- Recipient must provide the federal government and CDFA a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use the material, and agrees that the federal government and CDFA may do so in cooperation with other public agencies.

Special Purpose Equipment

The purchase, use, management, maintenance, disposition, and reporting of special purpose 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 are to complete the first section of OGA Form 2.1.6. Equipment Inventory Record found on the CDFA SCBGP Recipient Resources website when the special purpose equipment is purchased and provide to OGA. Recipients must maintain property records for special purpose 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, who holds title, the acquisition date, acquisition cost, percentage of federal participation in the cost of the equipment, the location, and use and condition of the equipment. At the close of the Grant Agreement, the Recipient must complete the second section of OGA

Form 2.1.6. Equipment Inventory Record, indicating the fair market value for each piece of special purpose equipment and the intended purpose of the special purpose equipment after the grant ends. Recipients must contact OGA prior to disposition of special purpose equipment. The Recipient will complete the third section of OGA Form 2.1.6. Equipment Inventory Record with the ultimate disposition information including the date of disposal, how it was disposed, value at time of disposition, and the sales price of the equipment (if sold).

Disposition of Special Purpose Equipment and Supplies

If special purpose equipment purchased during the term of the grant has a fair market value of less than $10,000 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 $10,000 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 Request/Report (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 $10,000 or less.

If there is a residual inventory of unused supplies exceeding $10,000 in total aggregate value upon termination or completion of the project, the Recipient must comply with 2 CFR 200.314.

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

Record Retention

Record retention and accessibility is governed by 2 CFR 200.334 and 2 CFR 200.337.

Recipient must retain financial records, project records, and supporting documents until January 31, 2033 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 funds;
- 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.