

# 2018 ALTERNATIVE MANURE MANAGEMENT PROGRAM

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*The Alternative Manure Management Program is funded by the “California Climate Investments” program*

## Grant Management Procedures Manual



**California Department of Food and Agriculture  
Office of Grants Administration**

1220 N Street, Room 120

Sacramento, CA 95814

(916) 657-3231

[grants@cdfa.ca.gov](mailto:grants@cdfa.ca.gov)

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# Overview

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## Program Purpose and Authority

The Alternative Manure Management Program (AMMP) provides financial assistance for the implementation of non-digester manure management practices in California, which will result in reduced greenhouse gas emissions.

Assembly Bill 109 (Chapter 249, Statutes of 2017) appropriated \$99 million dollars from the Greenhouse Gas Reduction Fund (GGRF) to the California Department of Food and Agriculture (CDFA) for early and extra methane emissions reductions from dairy and livestock operations.

The 2018 AMMP Grant Management Procedures Manual (GMP) is designed to provide direction to Grant Recipients (Recipients) for the successful management and completion of “California Climate Investments” program funded projects. The GMP identifies 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 CDFA, Office of Grants Administration (OGA) manages the 2018 AMMP Grant Agreements and ensures Recipients are compliant with program requirements and grant terms and conditions. OGA provides Recipients with assistance and consultation throughout the duration of the project term. Recipients should contact their assigned OGA Grant Specialist for assistance with grant management.

### Office of Environmental Farming and Innovation

The CDFA, Office of Environmental Farming and Innovation will provide consultation on technical aspects of project implementation as necessary to OGA and Recipients.

### Grant Recipients

Recipients are responsible for project implementation as outlined in the Grant Agreement scope of work. Further, Recipients must ensure all project activities, including contractor/consultant activities, are compliant with applicable federal, state, and local laws, regulations, and ordinances set forth in the Grant Agreement terms and conditions. Moreover, Recipients are responsible for obtaining and maintaining all necessary permits, licenses, agreements, and approvals for the construction, operation and maintenance of projects.

Recipients are responsible for submitting timely and accurate invoices and reports during the project term. Additionally, Recipients must maintain clear and consistent communication regarding project progress status throughout the project term, particularly if problems or issues arise resulting in project delays. Upon discovery of problems and/or delays, Recipients must notify the Grant Specialist immediately for purposes of resolving such problems and/or delays.

Recipients may be required to provide specific requested documentation related to the project as CDFA deems necessary.

To demonstrate the estimated benefits from 2018 AMMP awarded projects, Recipients are expected to report to CDFA their adopted manure management practice data for five years after implementation of the project. Refer to [Reporting Requirements](#) for detailed information after project implementation.

## Recipient Resources

Forms and templates referenced in this manual, as well as other resources can be found on CDFA's AMMP [Recipient Resources](#) page.

# Prior Approval Required

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Prior approval is required from OGA for material revisions, including, but not limited to:

- Revision of the scope of work, objectives, activities, milestones, dates or deliverables
- Budget changes
- Line item shifts
- Purchase of equipment not included in the approved budget
- Contracting out or obtaining the services of a third party not included in the approved budget
- Change in Recipient organization or key project team members
- Absence of key personnel

Failure to obtain prior approval may result in costs being deemed unallowable and request for reimbursement being denied.

# Project Management

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## Allowable Costs

A cost is allowable if it directly relates to project implementation of the non-digester manure management practice(s) and is incurred solely to advance work under the Grant Agreement. Allowable costs may include supplies and materials, equipment, and contractor/consultant services, and other costs associated with implementation of a non-digester manure management practice.

Expenditures must conform to the 2018 AMMP 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.
- Easily identifiable to a specific project activity and tracked separately from other funding sources.
- Determined in accordance with generally accepted accounting principles.
- Authorized or not prohibited under federal, state, and local laws, regulations, and ordinances.
- Adequately documented, reasonable, and allocable to the project.
- Incurred for the purpose for which the funding was granted and charged to the award on a specifically calculated basis.

## Unallowable Costs

A cost is unallowable if it does not comply with program requirements or other terms and conditions in the Grant Agreement and is not directly related to the implementation of a manure management practice. Unallowable costs will not be reimbursed. Questions regarding allowable costs should be directed to the assigned Grant Specialist.

Unallowable expenses include, but are not limited to:

- Costs incurred outside of the project period.
- Costs for repairs and spare parts.
- Costs covered by another State or Federal grant program.
- Pre-development costs, including, but not limited to: application preparation, permits, project designs, and any other activities that contribute to a project's "shovel-readiness."
- Costs associated with environmental review required for project permits, including preparation of Environmental Impact Report.
- Costs associated with purchasing general purpose equipment (e.g., tractors, loaders, etc.) that will be used for non-manure management practices/activities.
- Non-labor cost (e.g., management) and fees associated with project oversight and coordination.
- Consulting fees not directly related to project implementation.
- Costs associated with, or actual expenditures of, purchasing or leasing land and/or buildings.
- General costs associated with grant management (e.g., invoicing, reporting, oversight, ordering equipment).

- Costs associated with travel (e.g., hotels, flights, per diem, etc.)
- Purchase of dairy manure (tipping fees) or another feedstock.
- Costs associated with the five-year post-project reporting.

## Cost Share

Cost share (matching funds and/or in-kind contributions) include project costs (i.e., supplies, equipment, and contractor/consultant labor cost/hour, and any other necessary costs) incurred by the Recipient that directly support project implementation. Matching funds (cash contributions) are the amount of funds contributed by the Recipient to the project. In-kind contributions include contributions by the Recipient in the form of contractor/consultant (labor) involved with project installation and donated supplies and/or equipment necessary to implement the project.

If matching funds are contributed to the project, Recipients must report the matching funds expenditures and maintain all supporting documentation (invoices, receipts, etc.) associated with the matching funds. All matching funds supporting documentation must be made available to OGA or its representatives.

## Scope of Work Revisions

Scope of work (SOW) revisions may be required when project modifications are essential to complete project implementation. Requests for revisions must be made in writing to the Grant Specialist and must provide detailed information explaining the need and how the change affects the estimated project greenhouse gas (GHG) emission reductions.

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

- Change in project design
- Modifications or material changes to any technical aspect of a project
- Addition or deletion of activities and/or deliverables outlined in the Work Plan
- Budget revisions
- Change of Recipient organization name or organizational status
- Changes in the status of the Project Manager, 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.
- Changes to project partners and/or project team members

Recipients must obtain approval from CDFA before proceeding with revision to the SOW. Changes that result in a lower estimated projected project GHG emission reduction may not be approved.

## Line Item Shift Request

When adjustments to the project result in the need to shift funds from one budget line item to another, Recipients are required to complete and submit to their Grant Specialist a Line Item Shift Request (LISR). Approval for the LISR must be obtained from OGA prior to incurring costs under the revised budget. All un-shaded areas of the LISR form should be completed. Recipient must enter the following:



- Enter the current approved budget values (these amounts should be taken from the most recent approved invoice, Project Budget column).
- Enter the amount of funds shifted from a budget category as a negative by using brackets “( )”, and the amount of funds shifted to a budget category as a positive amount by using the plus sign “+”. The revised budget will automatically be calculated.

The total project budget cannot be increased or decreased through this process.

## Contractors/Consultants

Recipients may contract for services that cannot be performed 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 all applicable federal, state, and local laws, regulations and ordinances. Moreover, all contractors/consultants must have the proper licenses/certificates required for their respective disciplines.

Prior approval is required when contracting out or obtaining the services of a third party. Please see [Prior Approval Required](#) on page 3. If changing a contractor/consultant, Recipients must notify the Grant Specialist.

## Timekeeping Requirements

Activity reports or timesheets are required to support salary and wage, and fringe benefit expenditures charged to 2018 AMMP grants or contributed to the project as cost share. Costs not adequately supported are unallowable and may not be reimbursed. Each activity report must:

- Account for the total activity for which each employee is compensated, as well as hours worked on a 2018 AMMP grant project.
- Include a description of activities performed with enough detail to determine whether the activity is project related.
- Contain signatures certifying the hours and activities recorded are accurate.

## Permits, Licenses, Agreements, and Approvals

Recipients must obtain and maintain all permits, licenses, agreements, and approvals required for the project.

Recipients are required to notify the Grant Specialist in writing regarding the status of all necessary permits, licenses, agreements, and approvals. Furthermore, once permits, licenses, agreements, and approvals are issued, the Recipient is required to provide a copy to the Grant Specialist.

If there are issues or unforeseen circumstances resulting in delays in obtaining required permits, licenses, etc., Recipients must notify the Grant Specialist immediately in writing.

## Notifications of Problems and Delays

Upon discovery of problems, delays, or adverse conditions that will materially affect project implementation, Recipient must immediately notify the Grant Specialist in writing.

Examples include, but are not limited to:

- Inability to complete any portion of the project installation according to the Grant Agreement SOW
- Inability to obtain the necessary permits or licenses to implement a manure management practice
- Substituting supplies, materials, or equipment identified in the Cost Summary
- Change in project technologies
- Inability of contractor/consultants to perform work resulting in activities delayed or eliminated.

## Acknowledgement of Support

Whenever projects funded, in whole or in part, are publicized in any news media, conferences, meetings, brochures, publications, audiovisuals, or other types of promotional material, Recipients must acknowledge the California Climate Investments program.

Acknowledgements must read as follows:

This publication [or project] was supported by the “California Climate Investments” program.

Recipients must use the California Climate Investments logo but may not use the CDFA logo. Guidance on California Climate Investments logo usage, signage guidelines, and high-resolution files is contained in a style guide at: <http://www.caclimateinvestments.ca.gov/logo-graphics-request>.

## Financial Management

Recipients are accountable for all grant funds awarded and must ensure all funds are used solely for their authorized purposes. Recipients must maintain financial supporting documentation (i.e. receipts, invoices, timesheets, etc.) for all project expenditures. Accordingly, Recipients must provide financial supporting documentation for expenditures submitted for reimbursement to the Grant Specialist, and upon request for cost share funds contributed to the project.

# Invoicing

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Recipients submit invoices to the Grant Specialist for reimbursement of actual expenditures incurred to implement their project. Invoices must be submitted at least quarterly, but not more frequently than monthly, in arrears. Invoices must include all financial supporting documentation to substantiate the expenditures. Reimbursements must be requested on the invoice template provided by the Grant Specialist.

## 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. The quarterly invoice periods are:

<b>Quarterly Period</b>	<b>Invoice Due Date</b>
September 1 – November 30	December 30
December 1 – February 28	March 30
March 1 – May 31	June 30
June 1 – August 31	September 30

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.

Recipients can email a scanned, legible copy of the signed invoice to their assigned Grant Specialist, or a hard copy can be mailed to:

California Department of Food and Agriculture  
Office of Grants Administration  
1220 N Street, Suite 120  
Sacramento, CA 95814

Invoices and financial supporting documentation submitted to the Grant Specialist will be reviewed for completeness and accuracy. The Grant Specialist will promptly notify the Recipient of any incompleteness or deficiencies. Once the incompleteness or deficiencies are corrected, the Grant Specialist will process the invoice for payment.

## Completing an Invoice

### Invoice

The Grant Specialist initiates each invoice cycle by generating an electronic invoice template. The Grant Specialist will email Recipients an invoice template with the Grant Agreement Number, Recipient Name, Project Title, Invoice Number, Project Budget, and Invoiced to Date entered. Recipients complete the following and return to the Grant Specialist:

- Billing Period – Month/year when costs occurred
- Invoice Date – Date the invoice is prepared
- Amount Requested – Dollar amount requested by budget category

- Preparer’s Signature – Signature, phone number, email address of preparer and date prepared
- Authorized Signature – Signature, phone number, email address of the authorized representative

### **No Expenditure Invoice**

Recipient checks the “NO EXPENDITURES” box, signs, dates, and submits the invoice to the Grant Specialist. No Expenditure invoices must be accompanied by an explanation of why costs were not incurred during the billing period.

### **Final Invoice**

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

## **Proof of Expenditures and Matching Funds**

Recipients must submit the Proof of Expenditures and Matching Funds template to the Grant Specialist with the CDFA invoice. The Proof of Expenditures and Matching Funds template identifies each invoice for which costs have been incurred and are being invoiced to CDFA. Recipients complete the following and return to the Grant Specialist:

- Budget Category: Itemize project expenditures and matching funds activities into the applicable budget category
- Invoice Number: All itemized expenditures and matching funds activities must correlate to a project invoice.
- Description: Provide a brief description of the quantity or service
- CDFA Reimbursement, Matching Funds: Dollar amount contributed for each project cost.

## **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, or material issue adversely affecting project implementation. 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 will be processed once all issues are resolved.

See [Appeal Process](#) on page 11 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 Verification, and/or resolution of any performance issues or audit findings. A Withhold Payment Notification will not be sent, and the 10 percent withhold may not be appealed.

# Remedies for Noncompliance

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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 period not in compliance;
- Withdrawal of authorized personnel approval;
- Withholding of payments;
- Imposition of additional conditions; and,
- Suspension or termination of the Grant Agreement.

## Additional Considerations

OGA may impose additional specific conditions on Recipients who are noncompliant with 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;
- Financial Audit and/or Critical Project Review findings;
- History of unsatisfactory performance; and/or
- Noncompliance with terms and conditions of current or previous grant awards.

Additional condition examples include but are not limited to:

- More frequent submission of invoices;
- Additional audits; 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.

## Suspension of Payments

If a Recipient is not compliant with the Grant Agreement terms and conditions, OGA may suspend reimbursement. Upon discovery of any violations of the Grant Agreement terms and conditions, Recipient will be advised in writing of the terms breached and the reasons for imposing suspension of payments.

See [Appeal Process](#) on page 11 for information regarding appealing a suspension of payment.

## Termination of Grant Agreement

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 9)
- [Suspension of Payments](#) (see page 10)
- [Termination of Agreement](#) (see page 11)

Appeals must be in writing either mailed to:

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

Or via email to: [CDFA.LegalOffice@cdfa.ca.gov](mailto: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.

# Reporting Requirements

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## Final Verification

Recipients must notify their assigned Grant Specialist in writing that project implementation is complete. Once OGA is notified projects are complete, a representative or CDFA Environmental Scientist will contact Recipients within 30 days to schedule a site visit to complete the verification requirement. The purpose of the final verification is used to verify proper completion of the project according to the approved SOW, summarize project accomplishments, including benefits to disadvantaged communities, estimated GHG reductions for entire project, quantifiable improvements in air and water quality resulting from the project, and any additional co-benefits achieved during the grant term.

During the site visit, the verifier will take a minimum of three pictures and one video and complete a verification report indicating project results and other project related information as applicable. The verification must be approved in order for Recipients to receive final payment. Recipients must be present on the date the verification is conducted.

## Post Project Completion Reporting

The 2018 AMMP projects are supported by the GGRF and Recipients must provide data to CDFA for five years after the end of the project term and/or the alternative management practice becomes operational. The purpose of such follow-up reporting is to demonstrate the long-term success of 2018 AMMP projects by documenting the project data.

After the practice becomes operational, CDFA will work with Recipients to collect data and to validate initial project estimations.

Recipients will be required to collect data and submit reports to CDFA on an annual basis for a period of five years to support GHG quantification. Reporting may include, but is not limited to:

- Weeks per year livestock spent at pasture before and during reporting period.
- Confirmation that solid separation or dry scrape technology is operational and being utilized.
- Detailed explanation of project co-benefits achieved, and description of efforts planned or in place for sustaining the project's co-benefits through the life of the project.
- Detailed explanation of economic benefits (including but not limited to number of jobs provided, average wages and benefits) achieved and describe efforts planned or in place for sustaining the project's economic benefits.

# Compliance Reviews

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CDFA will conduct a Financial Audit and/or Critical Project Review upon reasonable notice at any time during the project term. The purpose is to review financial records and project documentation to ensure grant funds are used for their intended purpose and the project is meeting the deliverables as approved in the SOW, specifically relating to the Work Plan and Budget.

## **Financial Audit**

All invoices submitted to the Grant Specialist are subject to a financial compliance desk review by a CDFA auditor. The purpose is to review financial records and documentation, including matching and in-kind contribution records, to ensure 2018 AMMP funds are used for their intended purposes in compliance with the Grant Agreement terms and conditions and the GMP. Documentation may include, but is not limited to, invoices/receipts for operating costs, contractor/consultant invoices and agreements, timesheets and payroll records, travel receipts, permitting fees, etc.

## **Critical Project Review**

2018 AMMP awarded projects may be subject to a minimum of one Critical Project Review during the project term for CDFA to verify project progress.



# Closeout

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## Project Closeout

Before the Grant Agreement is closed, OGA will review the Critical Project Review, Final Verification, Final Invoice, and verify resolution of any project concerns or audit findings. OGA will withhold 10 percent of the Grant Agreement amount pending resolution of any issues. A closeout letter and final payment will be issued after any resolutions are resolved, and closeout review is complete.

## Equipment Property Records

Recipients must maintain property records for equipment, including but not limited to a description of the equipment, a serial number or other identification number, identification of the Grant Agreement under which the equipment was acquired, the acquisition date, acquisition cost, the location, use and condition of the equipment, and any ultimate disposition information including the date of disposal and sale price of the equipment.

## Record Retention

Recipient must retain supporting financial records, project records, and any other relevant supporting documents for a period of three (3) years from the date the Grant Agreement is closed or until final resolution of any litigation related to the grant. All records must be made available to OGA or its designees upon request.

Records that must be retained include:

- Actual expenditure invoices of supplies, materials, and equipment charged to grant fund;
- Contractor/Consultant reimbursement claims for work performed on the project;
- Permits, licenses, approvals and agreements obtained for project implementation;
- Equipment property records;
- All other supporting financial documentation related to the Grant Agreement.