



HEALTHY SOILS - BLOCK GRANT PILOT PROGRAM

Grant Award Procedures Manual - 2023



Office of Environmental Farming and Innovation

California Department of Food and Agriculture

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General Information

Authority and Purpose

The Healthy Soils Block Grant Pilot Program is a part of the Healthy Soils Program (HSP), which stems from the California Healthy Soils Initiative, a collaboration of state agencies and departments that promotes the development of healthy soils on California's farmlands and ranchlands. The objectives of the HSP are to increase statewide implementation of conservation management practices that improve soil health, sequester carbon and reduce atmospheric greenhouse gases (GHGs) by (1) providing financial incentives to California growers and ranchers to implement agricultural management practices that sequester carbon, reduce atmospheric GHGs and improve soil health, (2) funding on-farm demonstration projects that conduct research and/or showcase conservation management practices that mitigate GHG emissions and improve soil health, and (3) creating a platform promoting widespread adoption of conservation management practices throughout the state.

The Healthy Soils Block Grant Pilot Program addresses objective 1, while objectives 2 and 3 are addressed in the Healthy Soils Demonstration Program. The Block Grant Pilot Program is designed to facilitate financial assistance to California agricultural operations through regional block grant recipients who administer the funds and technical assistance. The Block Grant Recipients (BGR) will select projects and disburse funds to California farmers and ranchers as Grant Beneficiaries.

CDFA was appropriated \$70 million for the Healthy Soils Program from the California State Budget for Fiscal Year 2022-2023. CDFA will make available approximately \$62 million for BGRs and Grant Beneficiaries through the Block Grant Pilot Program.

Purpose of the Grant Award Procedures Manual

This 2023 HS Block Grant Pilot Program Grant Award Procedures (GAP) Manual is designed to provide direction to BGRs for the successful management of funded projects. The GAP Manual identifies roles and responsibilities of all parties and describes the processes and procedures required by the Grant Agreement terms and conditions.

General Responsibilities

California Department of Food and Agriculture

The California Department of Food and Agriculture (CDFA), Office of Environmental Farming and Innovation (OEFI), oversees the BGR grant agreements and is responsible for monitoring BGRs to ensure compliance with program requirements and grant terms and conditions. CDFA will provide BGRs with assistance and consultation on all matters related to their Grant Agreement.

Block Grant Recipients

BGRs are responsible for project implementation as outlined in the Grant Agreement Scope of Work (SOW) and Budget. These entities will enter into agreements with CDFA to disburse funds to on-farm projects. These entities will select on-farm projects, assist Grant Beneficiaries with project implementation, conduct verifications of on-farm project

implementation and reimburse Grant Beneficiaries. BGRs, or their subcontractors, will provide technical assistance to Grant Beneficiaries to implement funded conservation management practices. BGR are responsible for submitting timely and accurate invoices and required reporting documents during the project term.

Grant Beneficiaries

Individuals or entities that either own or control the agricultural land where Healthy Soils eligible practices will be implemented through on-farm projects are eligible grant beneficiaries. These individuals or entities may be referred to as farmers, ranchers, agricultural operations, or farm lessees. For detailed information regarding Grant Beneficiaries' continued expectations and responsibilities following project implementation, refer to the [Post-Project Requirements](#) section.

Assistance

The CDFA Grant Manager is available to answer questions regarding program requirements before, during, and after the Grant Agreement term. Each BGR will be assigned a CDFA Grant Manager from the HSP to answer questions and assist with grant management. For questions or assistance, the BGR should contact their assigned CDFA Grant Manager. BGRs may also reach out to the entire Healthy Soils team via emailing the tech inbox, cdfa.hsp_tech@cdfa.ca.gov.

Required Forms

Forms and templates referenced in this manual will be provided by the assigned CDFA Grant Manager. Forms can also be requested through email or may be found at the [Recipient Resources page](#). This document (the GAP Manual), and the 2023 Request for Grant Applications are also available at the above link.

Award Execution Process

The award execution process includes award notification, completion of payee data form (STD 204), Grant Recipient Questionnaire (Form 1.1.4), Pre-project Consultation, Scope of Work and Budget development, and Grant Agreement Execution through CDFA's Office of Grants Administration. During this time, CDFA will communicate information to BGRs via email and awardee training presentations. Individual standard operating procedures (SOPs) for steps in the awarding process will be sent out as needed (e.g., STD 204, Form 1.1.4, Pre-project Consultation, etc.).

Project Management

Upon grant agreement execution, a BGR may start to identify interested farmers and ranchers and assist them in developing on-farm project applications. Then the BGR will select Grant Beneficiaries and provide technical assistance for on-farm project implementation. On-farm projects must meet program requirements as listed on pages [30-60 in the Request for Grant Applications](#) and must be reported to CDFA using the [HS Block Grant On-Farm Project Reporting Template](#). Failure to meet program requirements for on-farm projects may result in all or any portion of the grant funding being withheld and/or termination of the Grant Agreement.

BGRs must maintain clear and consistent communication with CDFA and their assigned CDFA Grant Manager regarding overall and on-farm projects' progress, at least quarterly, throughout the grant term, particularly if problems or issues arise that result in project delays. Upon discovery of problems and/or delays, BGRs must notify their assigned CDFA Grant Manager immediately in order to resolve such problems and/or delays. (Refer to [Notification of Problems and Delays](#) section for further details.)

Subcontractors

A BGR may contract for services that cannot be performed by staff employed by the BGR. Generally, subcontractors should provide a specific and identifiable product or service. For example, a BGR may contract a third party to participate in the selection process, or form a review panel or board for selecting on-farm projects. Another example could be contracting with translation services. All subcontractors/consultants must have the proper licenses/certificates required for the work/tasks performed. Their BGR is responsible for ensuring that their contractors/consultants comply with all applicable state and local laws, regulations, and ordinances. Subcontracting does not affect the BGR's overall responsibility for the management of the project, and the BGR must reserve sufficient rights and control to enable them to fulfill their responsibilities for the project and oversight of it.

Subcontractor budgets must be listed under Part E: Contractual. Subcontractor invoices shall include sufficient detail and information so CDFA can make a determination that the expenditures invoiced are reasonable and allowable under the approved SOW and Budget. In the event that the subcontractor outsources to another subcontractor for a specific product and/or service, supporting subcontractor invoices must also include detailed itemization to ensure that only documented expenses are charged to grant funds. In addition, all subcontractors/consultants must retain all project records for a period of three years following project implementation for purposes of potential examination/audit by CDFA.

If adding or changing a subcontractor, the BGR must provide reasonable notice and a resume/C.V. of the new responsible person to their assigned CDFA Grant Manager in writing. A Project Modification Form and updated Scope of Work may be required to formalize the addition or change.

Notification of Problems and Delays

Upon discovery of problems, delays, or adverse conditions that will materially affect project implementation, a BGR must notify their CDFA Grant Manager in writing within ten (10) business days. Some problems or delays may require a project modification form, revised SOW, and/or a re-execution of the contract depending on the resolution.

Examples include, but are not limited to:

- Inability to complete any portion of the program deliverables according to the approved SOW
- Delays to implementation of program deliverables

- Changes to BGR, TAP, or other contractors' staff

Prior Approval

Prior approval is required for any revision to the project as approved in the SOW or Budget. Recipients must submit a revision request in writing (email preferred) to their assigned Grant Manager, who will then work with the BGR to file a project modification form and updated scope of work. The information required for a request for approval varies according to the type of approval sought. Contact the assigned Grant Manager in writing to obtain prior approval requirements.

Prior approval is required from CDFA for the following:

- Revision of the SOW and/or Budget
- Line-item shifts (i.e., Budget revisions)
- Change in program deliverables

Failure to obtain prior approval may result in CDFA disallowing expenditures, suspending payments, or terminating the Grant Agreement.

Block Grant Scope of Work Revisions

SOW revisions may be required for staffing or budget changes, or when unforeseen circumstances prevent a BGR from implementing any of the tasks to meet program deliverables.

Requests for project revisions must be made by using a Project Modification Request Form, and must provide a detailed justification explaining the need for the change and how the proposed change benefits or enhances the project. SOW revision requests must clearly outline changes to project components and any impacts to the implementation timeline and budget.

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, indirect costs, etc.).
- Replacement or changes in the status of the Primary Contact and/or Contract Signer 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.
- Transfer of project work to a third party through a subcontract, sub-grant, or any other means.
- Addition or deletion of activities, deliverables, or a contractor, or revisions to existing activities, deliverables, or contractor activities or deliverables.
- Change of staff personnel involved in project and their roles.

BGRs must obtain prior approval from CDFA in writing and/or approved project modification form before proceeding with project revisions to the SOW. Failure to obtain prior approval of SOW revisions may result in unallowable costs, as reimbursement is available only for approved project components.

CDFA will provide detailed instructions on completing the Project Modification Form during awardee training.

Block Grant Budget Revisions, including Line-Item Shifts

If changes to the Budget are necessary to implement the project, BGRs are required to contact their CDFA Grant Manager prior to implementing the changes for further instructions. CDFA Grant Managers can be reached at the following address: cdfa.HSP_Tech@cdfa.ca.gov.

BGRs must obtain written approval from CDFA prior to incurring costs under the revised Budget. Failure to obtain prior approval of Budget revisions may result in CDFA disallowing expenditures. The total project budget cannot be increased through this process.

Agreement Terminations

If a Block Grant Recipient wishes to terminate the Block Grant Project, they must send an official termination request via email to their assigned CDFA Grant Manager. The CDFA Grant Manager will provide the Recipient with further instructions on the project termination process. It is important to note that if the agreement is terminated for any reason, the Recipient shall be responsible for remitting any unspent advance payment or overpayment funds within (30) days of the termination request. The Recipient should be aware that by requesting project termination, any remaining funds will revert back to CDFA.

Cost Share

Cost share must be indicated for at least 50% of the Shared Use Equipment budget. Once selected for award, the BGR will work with CDFA during the Pre-Project Consultation period, before grant execution, to provide a quote for the equipment to be purchased, as well as other budget details including the estimated match amount. Cost share is not required for other parts of the budget, and CDFA is no longer tracking cost share outside of Shared Use Equipment.

Financial Management

BGRs are accountable for all grant funds awarded and must ensure all funds are used solely for their authorized purposes. BGRs must maintain receipts, invoices, etc. for project expenditures submitted to CDFA for reimbursement.

Allowable Costs

Project costs must be itemized and clearly support implementation of eligible agricultural management practices including supplies, special purpose equipment, labor, and any other allowable costs necessary for project implementation. Project costs must be reasonable and consistent with costs paid for equivalent work on non-grant funded activities or for comparable work in the labor market.

Examples of allowable costs include:

- Cost of materials needed for outreach activities (e.g., printed handouts or brochures).
- Travel expenses such as mileage, lodging, per diem, vehicle rental, etc., for outreach, project implementation and verification assisting Grant Beneficiaries.
- Translation services

Allowable costs must have a clearly indicated connection to a specific project component or activity as approved in the SOW and Budget. Project costs must be incurred for the purpose for which the funding was granted and must be charged to the award on a specifically calculated basis where applicable. Project expenditures must be adequately documented.

Award Breakdown

Award Breakdown	
Administrative Cost (Direct & Indirect cost)	Max. 15%
Technical Assistance (No more than \$100K in reimbursement per grant year)	Max. 5%
On-Farm Projects (Max \$200K per project)	Min. 80%

On-Farm Grants

The total amount of funds that the organization can distribute to Grant Beneficiaries, based on the on-farm grants that the BGR can assist implementing during the grant period.

Personnel Salary and Wages, and Fringe Benefits - Timekeeping Requirement (Administrative and Technical Assistance)

Time and Activity reports are required to support salary, wage, and fringe benefit expenditures charged to grants. Each report must account for the activity(ies) for which each hourly and salaried employee is compensated, as well as the hours worked on a particular project. A description of activities must be included, and the description must include enough detail to determine whether the activity is project-related. Costs not adequately documented are unallowable and will not be reimbursed.

Travel (Administrative and Technical Assistance)

All travel costs must be substantiated by BGRs. 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. Reimbursement is available for actual costs up to the maximum allowance for meal, incidental, and lodging expenses for each complete 24 hours of travel. The maximum travel rates allowable are established by CalHR and can be found on their website for travel reimbursements: [Travel Reimbursements - CalHR](#), except for awards to the UCs, which will be reimbursed at the UC travel rates.

Supplies and Equipment (Administrative and Technical Assistance)

Supplies are items with an acquisition cost less than \$5,000 per unit that are used exclusively for the objectives of the project. Categorize the types of supplies to be purchased. General use office supplies (e.g., paper, printer ink, pens, etc.), facilities costs (telephone, internet, etc.), and administrative costs are considered "indirect" and should not be included under "Supplies". Also, estimate the cost of equipment associated with each activity. Equipment is nonexpendable, tangible personal property with a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000. Applicants must provide detailed justification including why such purchase(s) are necessary over renting such equipment.

Contractual (Administrative and Technical Assistance)

Contractual is the cost of work on the project that will be performed by individuals/organizations other than the Recipient (e.g., consultants, contractors, partner organizations other than TAPs, etc.). This amount should include all associated salary and wages, fringe benefits, travel, equipment, supplies, other, and indirect costs.

Other (Administrative and Technical Assistance)

All other costs that are necessary for administration or technical assistance but not covered under the categories above.

Indirect Costs (Administrative and Technical Assistance)

Indirect costs are facilities and administrative costs that cannot easily be tied directly to the activities of the grant. Examples of common indirect costs include administrative/clerical services, rent, utilities, internet and telephone service, maintenance, and general office supplies. The University of California or California State University may claim their agreed-upon indirect cost rate with CDFA, while all other entities are eligible for a sum equivalent to up to 25% of total direct costs as indirect cost (not including on-farm grant funds).

Shared Use Equipment

The purchase of equipment for the purpose of shared use and to assist in implementing healthy soils practices is allowable. The purpose of this allowance is to assist and encourage healthy soils practices on farms where access to such equipment prohibits adoption. BGRs may request up to a total of \$30,000 for general purpose equipment for the implementation of Healthy Soils practices. These funds can be used as cost share up to 50% of the total cost of each equipment. Applicants must clearly demonstrate the need for equipment including target communities. Applicants must also provide a detailed plan covering maintenance, equitable sharing, and storage during the grant agreement term and up to the useable life of the equipment. Please refer to California Code of Regulations- Title 3, Division 1, Chapter 5 [Grants Administration](#) including procurement, property records and disposition of equipment. These regulations are applicable to shared use equipment (H) and any equipment identified under the other budget categories.

Unallowable Costs

A cost is unallowable if it does not comply with program requirements or other terms and conditions in the Grant Agreement. A cost is also unallowable if it is not contained in the approved SOW and Budget or is not necessary or reasonable to advance the work of the project. Unallowable costs will not be reimbursed. Questions regarding allowable costs should be directed to the assigned CDFA Grant Manager.

Unallowable expenses include, but are not limited to:

- Costs incurred outside of the grant term
- Costs covered by another State or Federal grant program
- Costs of activities unrelated to program and project objectives
- Research, product development or evaluation
- Purchase of a single piece of equipment with a cost greater than \$5,000, while 50% of cost share is not identified in the grant agreement
- Expenditures for purchasing or leasing land or buildings
- Out of state traveling costs
- Payment rates for on-farm projects different from that noted in [Appendix A](#)
- Reimbursement for ineligible practices
- No more than \$100,000 may be reimbursed annually for technical assistance expense, as directed by [AB 2377](#)

Executive Order N-6-22 – Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order (EO) N-6-22 regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. By submitting a bid, proposal, or application, Bidder/Applicant represents that it is not a target of Economic Sanctions. Should the State determine Bidder/Applicant is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for rejection of the Bidder's/Applicant's bid/proposal/application any time prior to contract/agreement execution, or, if determined after contract/agreement execution, shall be grounds for termination by the State.

Payment Methods

BGRs can receive payments through both advances and reimbursements. CDFA will provide BGRs with the necessary grant award and invoicing documents. Invoices must be submitted quarterly and include all supporting financial documentation to substantiate expenses. The BGRs can charge no more than 15% of total awarded funds as administrative expenses. The administrative costs may be requested quarterly. It may take up to 45 days from the date the invoice payment request is approved for a payment check to be issued by the State Controller's Office. It may take 45 days from the date that the advance payment request is approved for an advanced payment check to be issued by State Controller's Office. The two payment methods are discussed in turn below:

Advance Payments

A BGR may request advance payments of up to 25% of the award amount on a recurring basis. Additional advance payment requests may not be processed without a proof of successful disbursement of the entire prior advance payment. The advance payment must also be fully expended within a three-month period. Be advised that if a BGR does not expend all advanced funds within the three-month period, they may not qualify for future advance payments. Advance payments are subject to the provisions of section 316.1 "Advance Payments" of the California Code of Regulations, Division 1, Chapter 5. These costs cannot have already been incurred prior to the grant start date of the funded project.

Advance Payment Request Process:

- Estimate the advance amount needed for a three-month period for project implementation. Be advised, if you do not expend the funds within the three-month period, you may not qualify for future advance payments.
- If the agreement is terminated for any reason, the recipient shall be responsible for remitting any unspent advance payment funds within 30 days.
- When the BGR is ready to request the advance, alert the CDFA Grant Manager. The CDFA Grant Manager will provide the form(s) to submit an advance payment request and justification (e.g., cash flow issues). CDFA Grant Managers for the Healthy Soils Program can be reached at cdfa.HSP_Tech@cdfa.ca.gov.
- The State Controller's Office only issues checks, via mail; no other payment options are available.

Unallowable Advance Payment Request

Advance payment is not allowable in the following circumstances:

- An existing advance is not completely liquidated.
- The advance will reduce the project balance below ten percent of the award amount.
- An unresolved invoice dispute exists.
- Resolution of an audit or agreed-upon-procedure finding of overpayment, unallowable costs, inadequately supported costs, or unsupported costs is pending.
- The project is not current in invoicing or reporting.
- The project is in the final three months of the project duration.
- Additional conditions imposed prohibit an advance payment.

Reimbursement Payments

To request reimbursement payments, a BGR must submit the quarterly CDFA invoice, including all supporting invoices and receipts to detail expenses, to their assigned CDFA Grant Manager. More information on the invoicing schedule can be found in the section, [When to Submit Invoices](#). No more than \$100,000 may be reimbursed annually for technical assistance expense, as directed by AB 2377.

Supporting invoices and receipts submitted must include an itemized account for total supplies, equipment, subcontractor (labor) fees, on-farm project implementation documentation, and all other allowable project costs necessary for the project. Further, BGRs must also submit subcontractor invoices to account for total fees charged to the grant. All supporting invoices for subcontractor fees charged to the grant must include the hours worked and provide a brief description of activities performed. CDFA reserves the right to reduce the amount reimbursed if costs are found to be unallowable.

Invoices

When to Submit Invoices

Invoices are due no later than 90 calendar days after the quarterly period and are required regardless of whether project costs are incurred during the invoice period. CDFA will process the invoice for payment as long as the accompanying quarterly progress report is deemed satisfactory.

The quarterly periods are:

Quarterly Period	Invoice Due
January 1 – March 31 (Winter)	June 30
April 1 – June 30 (Spring)	September 30
July 1 – September 30 (Summer)	December 31
October 1 – December 31 (Fall)	March 31

Invoicing and closeout of all project expenditures must be completed within 30 days after the grant agreement term expires.

CDFA quarterly reports, invoices, and supporting invoices and receipts submitted to the CDFA Grant Manager will be reviewed for completeness and accuracy. The CDFA Grant Manager will promptly notify the BGR of any incompleteness or deficiencies which appear on the invoice. Once the incompleteness or deficiencies are corrected, the CDFA Grant Manager will process the invoice for payment. The CDFA Grant Manager may request additional information or supporting documentation to determine the eligibility and/or ineligibility of allowable costs.

Completing an Invoice

Request for Reimbursement Invoice

Instructions for how to request the reimbursement of project costs from CDFA will be provided by each BGR's assigned CDFA Grant Manager after the start of the grant agreement.

No Expenditure Reimbursement

If no costs were incurred during a billing period, a BGR marks the “NO EXPENDITURES” box, names, dates, and returns the invoice template to their assigned CDFA Grant Manager. No Expenditure invoices must be accompanied by an explanation of why costs were not incurred during the billing period.

Advance Payment Offset Invoice

BGRs must follow the instructions for a Request for Reimbursement Invoice. The invoice template automatically calculates the amount to be paid less the advance payment. The CDFA Grant Manager adjusts the “Less Advance” amount for the following billing period until the advance is offset 100 percent by expenditures.

Final Reimbursement

Recipient marks “Final Reimbursement” below the invoice number on the CDFA Invoice template, indicating all payment obligations are met and no further payment is due. Any remaining balance will be reverted back to CDFA.

Withholding

Withhold Payment Notice

The CDFA Grant Manager issues a Withhold Payment Notice to delay payment of an invoice if there are discrepancies or issues regarding project implementation. The Notice describes the reason for withholding payment and what actions, if any, may be required. The CDFA Grant Manager will contact the BGR within ten business days of receiving the Notice for purposes of resolving any issues. Invoices are processed once all issues are resolved.

Withholding Pending Closeout

CDFA may withhold ten percent (10%) from the total grant award until approval of the final invoice, the verification requirement, and/or resolution of any performance issues prior to close-out. A Withhold/Dispute will not be sent, and this withholding may not be appealed.

Suspension of Payments

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

A determination of breach may be appealed in writing, addressed to the CDFA Legal Hearing and Appeals Office, and sent to the address below or emailed to CDFA.LegalOffice@cdfa.ca.gov:

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

The appeal must include a copy of the notification or the name of the BGR Lead Organization, the project number, the title of the project, the reasons for which 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 business days of the notice of action from CDFA. 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

The BGRs and technical assistance providers are responsible for keeping CDFA up to date on grant activities. There are three main reporting categories:

1. On-Farm Project Selection and Approval

As the BGR selects on-farm projects, the projects must be submitted to CDFA for clearance on an ongoing basis to ensure a proposed project does not include the same APN/field where a same practice(s) was funded by the Healthy Soils Program previously. The program will at minimum require the following information to review and approve on-farm projects:

A. [Letter of commitment from Grant Beneficiary](#)

B. On-farm project level information using the [HS Block Grant On-Farm Project reporting template](#).

- All on-farm projects submitted to CDFA must have passed administrative and technical review conducted by the BGR and must have been found eligible for funding whether the BGR has enough funding to award them or not.
- Some applicants to be grant beneficiaries may be interested in listing their projects on the SB 27 Carbon Registry if they are not selected for award (this will be indicated on their RePlan Report). For that purpose, a BGR may submit applications for CDFA review, allowing Registry listing, even when the BGR does not expect to have sufficient funds to support the applicant.
 - The CNRA Carbon Sequestration and Climate Resiliency Project Registry allows other agencies/ investors to fund approved HSP projects. The Registry will be accessible online by 2024. Funding offers may vary from what Healthy Soils supports. The project's listing will be removed from the Registry after one year unless the applicant chooses to renew it.

2. Quarterly Progress Reports

BGRs are required to submit quarterly progress reports no later than 30 days after each reporting period ends. The progress report is used to identify tasks and activities achieved from their SOW. The progress reports should identify practices implemented, and tasks and activities accomplished during the reporting period. The format/templates for the quarterly reports will be provided by CDFA staff as needed. The reports can include but are not limited to the following topics:

- Progress status of each awarded on-farm project
- Practices implemented during the reporting period
- Implementation documentation
- Soil organic matter reports of awarded on-farm projects
- Funds disbursed
- Changes and delays encountered in on-farm project implementation
- All activities and expenses incurred that benefit SDFRs during the reporting period including number of projects assisted, and number of SDFRs assisted and/or funded

3. Final Report

BGRs are required to submit a Final Report at the close of the grant agreement term, or when all on-farm projects' activities have been completed, whichever comes first. The final report should include all project-level metrics on a template to be provided by CDFA. Following submission of the final report, CDFA staff, or a CDFA-contracted third party, may conduct an exit interview with the BGR and/or Grant Beneficiaries.

Critical Project Review

The State of California has the right to review project documents and conduct audits during project implementation and over the project life. CDFA may conduct a Critical Project Review upon reasonable notice at any time during the grant term. The purpose is to determine whether deliverables are being met and evaluate project implementation progress to ensure projects are complete within the project term.

If a BGR is not meeting deliverables resulting in delays with project implementation, CDFA will conduct a Critical Project Review to assess the project status. The BGR may be required to submit financial records and project documentation to ensure HSP funds are used for their intended purposes in compliance with the Grant Agreement terms and conditions, and this GAP Manual. Documentation may include, but is not limited to, invoices/receipts for project costs, contractor/consultant and sub-contractor invoices and agreements, permitting/agreement fees associated with interconnection, etc. The BGR must allow access to project records and documentation relevant to the Grant Agreement.

Project Close-Out

Before the Grant Agreement is closed, CDFA will review the Final Performance Report, Final Invoice, and ensure resolution of any project concerns. CDFA will withhold 10% of the Grant Agreement amount pending resolution of any issues. A closeout letter and final payment will be issued when a resolution is complete. Closeout does not cancel record retention, financial accountability, or post-project requirements.

Post-Project Requirements

Grant Beneficiaries are required to maintain implementation of practices incentivized through this program through the term of their grant agreement with the BGR. However, benefits from implementation of practices are expected to be achieved in the long term, and Grant Beneficiaries are encouraged to continue and/or expand these practices on their operations to achieve long-term benefits. BGRs and Grant Beneficiaries must agree to post-project completion requirements which require them to take soil samples and provide a soil organic matter analysis report after the third year of initial implementation. This soil analysis will be outside the grant term and therefore must be covered by matching funds. Additionally, Grant Beneficiaries and BGRs are required to maintain documentation related to their HSP-funded projects three (3) years after completion of the project.

Record Retention

Records must be retained for a period of three (3) years after final payment is made by the State or as specified in closeout notification. The BGR must retain all project records at least one (1) year following an audit.

In addition to Healthy Soils program requirements, awarded projects may be subject to State Audit and Accounting Requirements listed below. Projects are subject to audit by the State annually and for three (3) years following the final payment of grant funds. If the project is selected for an audit, the BGR will be contacted in advance. The audit shall include all books, papers, accounts, documents, or other records of the BGR, as they relate to the project. All project expenditure documentation should be available for an audit, whether paid with grant funds or other funds.

The BGR must have project records, including source documents and evidence of payment, readily available and must provide an employee with knowledge of the project to assist the auditor. The BGR must provide a copy of any document, paper, record, etc., requested by the auditor.

Appendix A: Healthy Soil Program Requirements for On-Farm Projects

Requirements for On-Farm Projects including eligible agricultural management practices and the associated payment rates can be found on [page 30-60 of the 2023 Healthy Soils – Block Grant Pilot Program Request for Grant Applications](#).