

2025 Resilient Food Systems Infrastructure Program

Grant Management Procedures Manual

Simplified Equipment-Only Grants

CATALOG OF FEDERAL DOMESTIC ASSISTANCE 10.190

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

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Overview

Authority and Program Purpose

The 2024 Resilient Food Systems Infrastructure Program (RFSI) is authorized by section 1001(b)(4) of the American Rescue Plan (ARP) Act of 2021 of Public Law 117-2. Awards issued in 2025 are also part of the larger 2024 program.

The overall goal of RFSI is to create more and better processing options for local and regional producers across the specialty crops, dairy, grain (for human consumption), and other sectors by targeting gaps and opportunities in the pandemic assistance, Food Systems Transformation (FST) programs, and existing U.S. Department of Agriculture (USDA) grant programs that support the agricultural supply chain.

Purpose of the Grant Management Procedures Manual

The 2025 RFSI Grant Management Procedures Manual (GMP) is designed to provide direction to Grant Recipients (Recipients) for the successful management of RFSI 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 RFSI 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 and costs comply with applicable federal regulations and requirements and RFSI terms and conditions.

Recipient Resources

Forms and templates referenced in this manual, as well as other resources, can be found on the [CDFA RFSI Recipient Resources website](https://www.cdfa.ca.gov/rfsi/recipients/) (<https://www.cdfa.ca.gov/rfsi/recipients/>).

Prior Approval Required

Prior approval is required from OGA, and in some instances USDA, for the following:

- Revision of the Scope of Work, dates, milestones, deliverables, or commodities processed (note that project timelines cannot be extended)
- Budget changes, including changes of the type of equipment to be purchased
- Purchase of Special Purpose Equipment, if not included in approved budget
- Costs associated with equipment installation or setup, if not included in approved budget
- Change in Recipient organization or key personnel
- Absence of key personnel

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](http://www.ecfr.gov) (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](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>) and [2 CFR part 400](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV) (<https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV>).

Grant funds awarded to federal government entities are subject to the Uniform Administrative Requirements and Cost Principles for Federal Awards contained [2 CFR part 200](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>) and [2 CFR part 400](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV) (<https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV>).

Grant funds awarded to for-profit organizations are subject to the Uniform Administrative Requirements contained in [2 CFR part 200](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>) and [2 CFR part 400](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV) (<https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV>), and the Cost Principles contained in the Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at [48 CFR 31.2](https://www.ecfr.gov/current/title-48/chapter-1/subchapter-E/part-31/subpart-31.2?toc=1) (<https://www.ecfr.gov/current/title-48/chapter-1/subchapter-E/part-31/subpart-31.2?toc=1>).

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

Grant recipients must comply with the National Environmental Policy Act (NEPA), National Historic Preservation Act (NHPA), Endangered Species Act (ESA), and all other federal environmental laws and regulations, as well as any state and local laws and regulations. Grant recipients must comply with all food safety requirements, laws, and regulations, including those of the Food Safety Modernization Act.

Enhancing Resiliency in the Middle of the Supply Chain

RFSI funding must enhance resiliency in the middle of the supply chain. Expenditures that do not enhance resiliency in the middle of the supply chain are unallowable. Additional guidance regarding this requirement is available on the [CDFA RFSI Recipient](#)

Resources website (<https://www.cdfa.ca.gov/rfsi/recipients/>) or from the assigned Grant Analyst.

Allowable Costs

In addition to the requirement to enhance resiliency in the middle of the supply chain, 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 the purchase of one (1) piece of Special Purpose Equipment, as well as any associated, approved costs such as tax, delivery, installation, or previously approved accessories. Improvements to the facility where equipment is to be located are **not** allowable.

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 enhance resiliency in the middle of the supply chain; 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 pre-harvest, harvest, or consumer-based activities, including sales or delivery direct-to-consumer; costs that benefit ineligible commodities; costs associated with upgrades to the facility or location where Special Purpose Equipment will be installed; excessive costs associated with delivery and/or installation of equipment; contingency costs to protect against loss such as extended warranties, insurance, or service agreements; and costs that are not included in the approved Scope of Work. Note that costs may not exceed those in the approved Scope of Work.

Additional guidance regarding allowable and unallowable costs and activities is available on the CDFA RFSI Recipient Resources website (<https://www.cdfa.ca.gov/rfsi/recipients/>) or from the assigned Grant Analyst.

Indirect Costs

Simplified Equipment-Only Grants are not eligible for Indirect Costs, for either the Recipient or any contractors.

Equipment

Equipment is tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Special purpose equipment (used only for approved activities; 2 CFR 200.1 [https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-A/subject-group-ECFR2a6a0087862fd2c/section-200.1#p-200.1\(Special%20purpose%20equipment\)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-A/subject-group-ECFR2a6a0087862fd2c/section-200.1#p-200.1(Special%20purpose%20equipment))) and Section 8.2 of the USDA General Terms and Conditions

https://www.ams.usda.gov/sites/default/files/media/FY2023_GeneralTermsandConditions.pdf) may be purchased using RFSI funds when reasonable and necessary and with prior approval from OGA and USDA. General purpose equipment cannot be purchased, leased, or rented using RFSI funds. Rent-to-own agreements are not allowable.

Please see Property Management and Disposition on page 15 for additional requirements.

Travel

Costs associated with travel are not allowable for Equipment-Only Grants, including travel costs connected to equipment delivery and/or installation.

Contractors/Consultants

Recipients may contract for services that cannot be provided by staff employed by the Recipient. Generally, these services are for a short-term period and provide a specific and identifiable product or service. Recipients are responsible for ensuring their contractors/consultants comply with applicable federal regulations and requirements. Contracting out must not affect the Recipient's overall responsibility for the management of the project, and the Recipient must reserve sufficient rights and controls to enable it to fulfill its responsibilities for the project.

Recipients must establish and follow a documented procurement policy which conforms to applicable federal law and reflects applicable state, local, and tribal laws and regulations. Reference 2 CFR 200.318 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.318>) for additional information on general procurement standards.

Prior approval is required when contracting or obtaining the services of a third party. Please see Prior Approval Required on page 2 and Scope of Work Revisions on page 8.

Competitive Process

Federal regulations require all procurement transactions be conducted in a manner providing full and open competition and consistent with the procurement standards of 2 CFR 200.317 – 200.327 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d#subject-group-ECFR45ddd4419ad436d>).

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 detailed description of activities, services, or deliverables to be performed; 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 <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/appendix-Appendix%20II%20to%20Part%20200>); 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 by both the Recipient and the contractor/consultant. Lastly, the budget in the contract must include the same line-item categories 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 (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>) for the Recipient’s locality unless a justification is provided and approved by OGA in advance of costs being incurred.

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

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 (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>) for the location where work will be performed unless one of the following is provided to and approved by OGA and, in some instances, USDA:

1. A description of the steps taken to hire a contractor, which includes obtaining and providing a cost/price analysis (i.e., a quote or bid) from at least three contractors who can perform the service. The purpose of the cost analysis is to review and evaluate each element of cost to determine reasonableness; or
2. Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. The unique qualifications of the contractor and a justification regarding why those unique qualifications and proposed contractor are required for the project must be provided. The justification must include a description of the steps taken to hire a contractor and how the determination was made that the pool of available and qualified contractors is limited.

Note: GS-15 step 10 is a salary table; the rate listed does not include fringe benefits, travel, indirect costs, or other expenses.

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

Indirect Costs for Contractors/Consultants

Indirect costs for contractors/consultants are not allowed.

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 sufficiently detailed* 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.

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, 1) costs being deemed unallowable, 2) request for reimbursement denied, and 3) 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 special purpose equipment, associated accessories, tax, installation, delivery, 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 project personnel, such as withdrawing from the project entirely or being absent during any continuous period of three months 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 Performance Measures.
- 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 RFSI funds.

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

Some changes are not allowable under any circumstances:

- Change to the physical location of the project.
- Additional ground disturbance or other environmental impact associated with a project.
- Change in ownership of the Recipient organization.

Line Item Shift Requests

Due to the restrictions of the Equipment-Only Grant Program, Line Item Shift Requests (LISR) are not anticipated.

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 complete any activity according to the work plan or work plan schedule, including sourcing, purchasing, or obtaining approved equipment;
- Challenges quantifying or completing activities related to the expected measurable outcomes, including Performance Measures;
- Substituting commodities identified in the project, or adding new commodities;
- Delays in meeting required due dates for invoices, progress reports, or the final report.

Matching Funds

Matching Funds (also known as Cost Share) refers to cash match spent on approved costs and must be pre-approved for Track 2: Simplified Equipment-Only Grants. The Recipient must notify the Grant Analyst if the amount or activities covered by Matching Funds has changed.

Cash match is reported on final reports. Reporting on final reports includes the type of Matching Funds (i.e., cash match) and the amount.

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 RFSI 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 RFSI acknowledgment of support must read as follows:

"This project is supported by the U.S. Department of Agriculture with funding from the American Rescue Plan Act. 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; any other logo use is unallowable. When using the USDA logo, please use the logo acknowledgment images provided by USDA

(https://www.ams.usda.gov/requiredlogo?auHash=2luT9_FcEssayxQnURIC6dBvfAHuzHN3QCAeU1qpMHXA).

Invoicing

Payment Methods

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments. *It may take up to 45 business 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 90 percent of the total award.

Requests must be submitted using the Advance Payment Request form; request this form from the assigned Grant Analyst. 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 within 45 business days of the end of the purchasing period; and/or
- additional conditions imposed prohibit an advance payment.

Advance Payment Request Procedures

Advance Payment Requests will be processed at the beginning of the grant's period of performance.

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. Any funds not spent on approved project costs must be returned to CDFA within 30 days of receipt.

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. Invoice(s) must be submitted within 30 days of costs being incurred.

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 costs are incurred.

Completing an Invoice

Reimbursement Invoice. Recipient completes the Billing Period, Invoice Date, and the Amount Requested column, then 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.

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.

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 with invoice submission. Source documentation includes, but is not limited to, receipts, canceled checks, paid bills, 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, including proof of purchase, must be submitted to OGA with all invoices 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 13 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

Final Reports

In preparing state and federal RFSI reports, either CDFA or USDA may have additional questions related to Recipients' submitted reports. 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.

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.

Single Audit Requirements

State, local, and tribal governments, non-profit organizations, and institutions of higher education that expend more than \$750,000 annually in federal awards must comply with the single audit requirements contained in 2 CFR 200 Subpart F (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-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 financial compliance audit, desk review, and/or Agreed Upon Procedure (AUP); performance site visits or other performance checks may also be required. 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 will 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, if required, 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 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR86b76dde0e1e9dc/section-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 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-C/section-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 state or federal awards.

Additional condition examples include but are not limited to:

- More frequent submission of progress reports;
- More frequent submission of invoices;
- 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 200.339 – 200.341 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR86b76dde0e1e9dc#subject-group-ECFR86b76dde0e1e9dc>), 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 10);
- Additional Conditions (see page 13); or
- Termination of Agreement (see page 13)

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, and digital and physical media created as a result of RFSI funding. Recipients retain title to any inventions, patents, digital and physical material conceived or developed using RFSI funds with the following conditions:

- Recipients must promptly disclose RFSI 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

(<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2>). 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 RFSI Recipient Resources website (<https://www.cdfa.ca.gov/rfsi/recipients/>) 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 \$5,000 at the close of the Grant Agreement, it is no longer considered equipment and is not subject to the federal regulations governing equipment. If the fair market value is \$5,000 or more at the close of the Grant Agreement, the use, management, and disposition of the equipment is subject to the provisions in 2 CFR 200.313 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313>). A Tangible Personal Property Report Disposition Request/Report (form SF-428-C <https://www.ams.usda.gov/sites/default/files/media/SF-428-C.pdf>) must be completed and submitted to OGA prior to disposition. These requirements apply until the fair market value of the equipment is \$5,000 or less.

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project, the Recipient must comply with 2 CFR 200.314 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-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 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR4acc10e7e3b676f/section-200.334>) and 2 CFR 200.337 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR4acc10e7e3b676f/section-200.337>).

Recipients must retain financial records, project records, and supporting documents until January 31, 2030, 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:

- Actual expenditure invoices of direct costs charged to grant funds; and
- All other supporting documentation related to the Grant Agreement.