

---

# ***Specialty Crop Block Grant Program***

---

## ***General Award Terms and Conditions***

*Last Updated: 4/15/14*

## TABLE OF CONTENTS

<b>1.0 Overview of Terms and Conditions of Award</b> .....	<b>1</b>
<b>2.0 Effect and Order of Precedence</b> .....	<b>1</b>
<b>3.0 Flow-Down of Requirements under Subawards and Contracts under Grants</b> .....	<b>1</b>
3.1 Roles and Responsibilities.....	2
<b>4.0 Administration of Grants</b> .....	<b>4</b>
<b>5.0 Cost Considerations</b> .....	<b>4</b>
5.1 The Cost Principles .....	4
5.2 Cost Transfers.....	5
5.3 Presenting Direct and Indirect Costs Consistently .....	6
5.4 Allocation of Costs.....	7
5.5 Allowable Costs and Activities .....	7
<b>6.0 Financial Management</b> .....	<b>24</b>
6.1 Financial Management System.....	24
6.2 Requests for Payment.....	25
6.3 Interest Earned on Advances of Grant Funds.....	26
6.4 Program Income.....	27
6.5 Cost Sharing and Matching.....	27
<b>7.0 Audit Requirements</b> .....	<b>28</b>
<b>8.0 Changes Requiring Prior Approval</b> .....	<b>28</b>
8.1 AMS SCBGP Prior Approvals.....	29
8.2 Waiver of Prior Approvals.....	31
<b>9.0 National Policy Requirements</b> .....	<b>32</b>
<b>10.0 Property Management</b> .....	<b>35</b>
10.1 Disposition of Equipment and Supplies .....	36
<b>11.0 Inventions and Patents</b> .....	<b>36</b>
<b>12.0 Procurement Management</b> .....	<b>37</b>
<b>13.0 Subawards</b> .....	<b>38</b>
<b>14.0 Monitoring</b> .....	<b>40</b>
14.1 By the State Department of Agriculture.....	40
14.2 By the Federal Awarding Agency.....	41
<b>15.0 Reporting Requirements</b> .....	<b>41</b>
15.1 Performance Reports .....	41
15.2 Review of Performance Reports.....	42
15.3 Overdue Reports.....	42
<b>16.0 Remedies for Non-Compliance</b> .....	<b>43</b>
16.1 Withhold Payments .....	43
16.2 Disallow Costs .....	43
16.3 Withholding of Support.....	43
16.4 Suspension or Termination.....	44
<b>17.0 Closeout</b> .....	<b>45</b>
17.1 Closeout Checklist.....	45
17.2 Required documents.....	45
17.3 Post-Closeout Continuing Responsibilities .....	48
<b>18.0 Debt Collection</b> .....	<b>48</b>
<b>19.0 Appeals</b> .....	<b>48</b>
<b>20.0 Record Retention and Access Requirements</b> .....	<b>49</b>
20.1 Record Retention .....	49
20.2 Methods for Collection, Transmission and Storage of Information.....	49
20.3 Access to Records.....	49
<b>21.0 Limit of Federal Liability</b> .....	<b>50</b>
<b>22.0 Fraud, Waste, and Abuse</b> .....	<b>50</b>

## 1.0 OVERVIEW OF TERMS AND CONDITIONS OF AWARD

[Back to Top](#)

The terms and conditions of the United States Department of Agriculture (USDA), Agricultural Marketing Service (AMS), Specialty Crop Block Grant Program (SCBGP) award include generally applicable public laws and Executive orders, the Office of Management and Budget (OMB) regulations and the USDA implementation of them, and AMS-specific policies and procedures applicable to Grants Agreements. These regulations are codified at [7 CFR part 3015](#), [7 CFR part 3016](#) (Uniform Administrative Requirements for Grants and Cooperative Agreement to State and Local Governments) and [7 CFR part 3019](#) (Subawards to Institutions of Higher Education, Hospitals, Other Non-Profit Organizations, and Commercial Organizations). These requirements provide the framework for the terms and conditions of the SCBGP award and apply generally to your award. Where applicable, the AMS SCBGP will indicate differences based on grant purpose or type of subrecipient.

The AMS SCBGP will provide notice of requirements not specified in the terms and conditions in your Grant Agreement, but such notice is not required for the award to be subject to the requirements of pertinent statutes and regulations.

In addition to all of the applicable administrative requirements and other general terms and conditions, your award is also subject to the requirements of the authorizing program legislation and program regulations. The AMS SCBGP will specify or incorporate these requirements by reference in your Grant Agreement. An individual award also may contain award-specific terms and conditions included in full text. For example, the AMS SCBGP may include terms and conditions necessary to address concerns about a recipient's management systems.

## 2.0 EFFECT AND ORDER OF PRECEDENCE

[Back to Top](#)

The signature of an authorized representative of the State department of agriculture on the Grant Agreement constitutes acceptance of an award and its associated terms and conditions. The AMS SCBGP must receive a scanned or faxed copy of your signed Grant Agreement prior to drawdown of funds. If you cannot accept an award, including the legal obligation to perform in accordance with its provisions, you must notify the AMS SCBGP immediately upon receipt of the Grant Agreement. If we cannot reach a resolution, the AMS SCBGP will void the Grant Agreement. The contents of the Grant Agreement are binding on you as the State department of agriculture recipient and the AMS SCBGP once your authorized representative has accepted the Grant Agreement unless and until modified.

If there is a perceived conflict between the statutory and regulatory requirements and the terms and conditions in this part, or if there are questions, you may request written clarification from the AMS SCBGP. You may do this at any time; however, if the inclusion of the term or condition would cause you not to accept the award or to be unable to comply, you must raise the question before award acceptance.

## 3.0 FLOW-DOWN OF REQUIREMENTS UNDER SUBAWARDS AND CONTRACTS UNDER GRANTS

[Back to Top](#)

These terms and conditions apply directly to you as the recipient of SCBGP funds. You are accountable for the performance of the project, program, or activity; the appropriate expenditure of funds under the award by all

parties; and all other obligations, as cited in the Grant Agreement. In general, the requirements that apply to you as the recipient also apply to your subrecipients and contractors under grants, unless the terms and conditions specify an exception.

## 3.1 ROLES AND RESPONSIBILITIES

[Back to Top](#)

---

### 3.1.1 FEDERAL AGENCY

**Federal Awarding Agency.** The United States Department of Agriculture (USDA), Agricultural Marketing Service (AMS).

**Authorized Federal Agency Representative.** The authorized Federal Agency Representative is the designated representative of the AMS SCBGP with authority to act on the organization's behalf in matters related to the award of grants. In signing a Grant Agreement, this individual agrees that the organization will obligate the funds for approved projects, programs, and activities in accordance with applicable Federal statutes and regulations and other terms and conditions of the award.

**Federal Agency Project Manager.** The Federal Agency Project Manager is the official whose name appears on the Grant Agreement and is responsible for the business management and programmatic aspects of the AMS SCBGP award. These activities include, but are not limited to preparation of funding opportunity announcements, evaluating grant applications for administrative content and compliance with statutes, regulations, and guidelines, and providing consultation and technical assistance to applicants and recipients, including interpretation of grants administration policies and provisions. Other activities include post-award monitoring of project/program performance, including the review of performance reports and facilitation of site visits, and closing out grants. The Federal Agency Project Manager approves requests for prior approval and is responsible for setting policy.

**Grants Management Specialist.** The Grants Management Specialist oversees the day-to-day management of a portfolio of SCBGP grants. The Grants Management Specialist performs many of the activities described above on behalf of the Federal Agency Project Manager and usually is the primary point of contact for the recipient when dealing with grant-related issues.

---

### 3.1.2 STATE DEPARTMENT OF AGRICULTURE

The SCBGP awards grants to State departments of agriculture. The term "State department of agriculture" is defined as the agency, commission, or department of a State government responsible for agriculture within the State. The State department of agriculture is legally accountable for the performance of the award and the expenditure of funds. As a pass-through entity,<sup>1</sup> you must:

- Staff the program appropriately;
- Manage program resources efficiently;
- Ensure compliance with both federal and internal requirements;
- Establish measurable program outcomes and fund subawards that will contribute to achieving those outcomes;

---

<sup>1</sup> Pass-through entity means a non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program. (Circular No. A-133: Audits of States, Local Governments, and Non-Profit Organizations)

- Select subrecipients meaning non-Federal entities that receive a subaward from a pass-through entity to carry out part of a Federal program; but do not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency;
- Monitor subawards. Subawards are awards provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a program for which the pass-through entity received support. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that a pass-through entity calls a contract;
- Provide effective technical assistance;
- Evaluate program results; and
- Lay the groundwork for improving management of subsequent award cycles.

The roles and responsibilities of designated individuals at the State department of agriculture who serve as agents of the recipient are as follows:

**Authorized Representative.** The Authorized Representative is the designated representative of the State department of agriculture with authority to act on the organization's behalf in matters related to the award and administration of grants. In signing a grant application, this individual agrees that the organization will assume the obligations imposed by applicable Federal statutes and regulations and other terms and conditions of the award, including any assurances. These responsibilities include accountability both for the appropriate use of awarded funds and the performance of the grant-supported project or activities as specified in the approved application. Although AMS requires you to designate such an individual, AMS does not specify the organizational location or full set of responsibilities for this individual.

**Recipient/State Department of Agriculture.** The Recipient/State department of agriculture is the government entity to which the AMS SCBGP awards funds and is accountable for the use of the funds provided. The recipient is the entire legal entity even if the Grant Agreement designates only a particular component of the entity.

**Recipient Project Coordinator.** The Recipient Project Coordinator is the individual, designated by the State department of agriculture, responsible for the technical and programmatic aspects of the grant and for day-to-day management of the projects and program. The Recipient Project Coordinator is responsible for ensuring that the recipient and subrecipients comply with the financial and administrative aspects of the award. This individual has the authority to commit the recipient's time and other resources to the program to ensure that the recipient and subrecipients remain in compliance with the terms and conditions of the award instrument including those set out herein, and to act for or on behalf of the recipient. The Recipient Project Coordinator is encouraged to maintain contact with the Federal Agency Project Manager and/or the Grants Management Specialist with respect to business, administrative, technical, or programmatic aspects of the award.

The Recipient Project Coordinator generally is an employee of the State department of agriculture. However, if the Recipient Project Coordinator is not an employee of the State department of agriculture, the State department of agriculture must have a formal written agreement with the Recipient Project Coordinator that specifies an official relationship between the parties even if the relationship does not involve a salary or other form of remuneration.

---

### 3.1.3 ALL RECIPIENTS

Non-Federal entities meaning a state, local government, Indian tribe or nonprofit organization including an institution of higher education that carries out a Federal award as a recipient or subrecipient must adhere to all applicable Federal statutes, regulations, and policies, including income tax regulations. Recipients should direct questions concerning the applicability of income tax regulations to grant funds to the Internal Revenue Service (IRS). Recipients also must comply with applicable State and local laws and ordinances.

## 4.0 ADMINISTRATION OF GRANTS

[Back to Top](#)

AMS SCBGP applies the following Federal grant uniform administrative requirements to the management of each grant award, and you as the recipient must in turn apply these requirements to your award and your subawards based on the type of organization receiving the award. For example, if you subaward to a non-profit, the administrative requirements applicable to a non-profit will apply to that specific subaward.

- State and Local Governments and Indian Tribal Governments – [7 CFR part 3015](#) and [7 CFR part 3016](#)
- Colleges and Universities – [7 CFR part 3015](#) and [7 CFR part 3019](#)
- Non-Profits – [7 CFR part 3015](#) and [7 CFR part 3019](#)
- For Profits – [7 CFR part 3015](#) and [7 CFR part 3019](#)
- [7 CFR part 3052](#), “Audit of States, Local Governments, and Non-profit Organizations”

## 5.0 COST CONSIDERATIONS

[Back to Top](#)

This section addresses the general principles underlying the allowability of costs, differentiates direct costs from indirect costs, and highlights a number of specific costs and categories of cost. The AMS SCBGP does not intend this section to be all-inclusive and you should use the applicable costs principles as a supplement.

### 5.1 THE COST PRINCIPLES

[Back to Top](#)

Cost principles establish general standards for the allowability of costs and provide detailed guidance on the cost accounting treatment of costs as direct or indirect costs, and set forth allowability principles for selected items of cost. Applicability of a particular set of cost principles depends on the type of organization making the expenditure. For example, if you subaward to a non-profit organization, the cost principles for non-profit organizations would apply to that specific subaward.

The cost principles are set forth in the following documents and are incorporated by reference in [7 CFR part 3016.22](#) and [7 CFR part 3019.27](#).

- State, Local, and Indian Tribal Governments – [2 CFR part 225](#)
- Colleges and Universities – [2 CFR part 220](#)
- Non-Profits – [2 CFR part 230](#)
- For Profits – [48 CFR part 31.2](#)

The cost principles address four tests in determining the allowability of costs. The tests are as follows:

- **Reasonableness (including necessity).** A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. When determining reasonableness of a given cost, the following should be considered:

- ✓ The cost must be a type generally necessary for the organization's operations or the grant's performance.
- ✓ Recipients and subrecipients must comply with their own established organizational policies in incurring the cost or charge.
- ✓ Recipients and subrecipients must consider the market prices for comparable good or services in the geographic area.
- ✓ Individuals responsible for the expenditure must act with due prudence in carrying out their responsibilities to the Federal government and the public at large as well as to the organization.
- **Allocability.** A cost is allocable to a specific grant, function, department, or other component, known as a cost objective, if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received. A cost is allocable to a grant if it:
  - ✓ is incurred solely to advance work under the grant;
  - ✓ benefits both the grant and other work of the organization, including other grant-supported projects or programs and can be distributed in proportions that may be approximated using reasonable methods;
  - ✓ is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant.
- **Consistency.** Recipients and subrecipients must be consistent in assigning costs to cost objectives and must treat costs consistently for all work of the organization under similar circumstances, regardless of the source of funding, to avoid duplicate charges.
- **Conformance.** This test of allowability—conformance with limitations and exclusions contained in these terms and conditions of award, including those in the cost principles—may vary by the type of activity, the type of recipient, and other characteristics of individual project awards. **5.5 Allowable Costs and Activities** below specify some of the distinctions if there is a different treatment based on the type of grant project or recipient.

These four tests apply regardless of whether the particular category of costs is one specified in the cost principles or one governed by other terms and conditions of the award. These tests also apply regardless of treatment as a direct cost or an indirect cost. The fact that the AMS SCBGP awards a proposed cost as requested by an applicant does not indicate a determination of allowability.

## 5.2 COST TRANSFERS

### [Back to Top](#)

Any cost transfers (an after-the-fact reassignment of expenditures onto or off a grant agreement) between grant agreements, whether as a means to compensate for cost overruns or for other reasons, are unallowable; however, cost transfers between projects within the same grant agreement are allowable provided any of the cost transfers meet prior approval requirements.

You or your subrecipients or cost-type contractors may need to make cost transfers necessary to correct bookkeeping or clerical errors. You or your subrecipients or cost-type contractors should have systems in place to detect such errors within a reasonable period. Untimely discovery of errors could be an indication of poor internal controls.

Frequent errors in recording costs may indicate the need for accounting system improvements, enhanced internal controls, or both. If such errors occur, you are encouraged to evaluate the need for improvements and to make whatever improvements you deem necessary to prevent reoccurrence. The AMS SCBGP also may require you to take corrective action by imposing additional terms and conditions on your award.

**5.3 PRESENTING DIRECT AND INDIRECT COSTS CONSISTENTLY**

[Back to Top](#)

You and your subrecipients are responsible for presenting costs incurred for the same purpose in like circumstances consistently and must not include costs associated with your indirect cost rate agreement as direct costs. In addition, you and your subrecipients may not allocate a cost as a direct cost if it is also incurred as an indirect cost for the same purpose and vice versa.

Direct costs are costs that can be identified specifically with a particular award, project or program, service, or other organizational activity or that can be directly assigned to such an activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation of employees who work directly on the award to include salaries and fringe benefits, travel, equipment, and supplies directly benefiting the grant-supported project or program.

Indirect costs (also known as “facilities and administrative costs”) are costs incurred for common or joint objectives that cannot be identified specifically with a particular project, program, or organizational activity. Exhibit 1 below includes typical indirect costs for specific types of organizations .The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate where all of the following conditions are met:

- (1) administrative or clerical services are integral to a project or activity;
- (2) individuals involved can be specifically identified with the project or activity;
- (3) such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) the costs are not also recovered as indirect costs.

**Exhibit 1 - Typical Indirect Costs by Organization Type**

Type of Organization	Typical Indirect Costs
<b>Non-Profits</b>	General administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting, depreciation or use allowances on buildings and equipment, and the costs of operating and maintaining facilities.
<b>Colleges and Universities</b>	Equipment and capital improvements, operation and maintenance expenses, library expenses, general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, depreciation and use allowances, and interest on debt associated with certain buildings.
<b>State and Local Governments</b>	State/local-wide central service costs, general

Type of Organization	Typical Indirect Costs
	administration of the recipient department or agency, accounting and personnel services performed within the recipient department or agency, depreciation or use allowances on buildings and equipment, and the costs of operating and maintaining facilities.

Indirect costs are limited to 8 percent of the total Federal funds provided under the award per [section 10010\(4\) of the Agricultural Act of 2014, Public Law 113-79](#). Indirect costs on the grant as a whole (including subprojects) should not exceed 8 percent of the total grant request.

## 5.4 ALLOCATION OF COSTS

[Back to Top](#)

When two or more sources support salaries or other activities, issues may arise as to how you should allocate the direct costs among the sources of support. In general, you should follow the process below:

- A cost that benefits two or more projects or activities in proportions that can be determined without undue effort or cost should be allocated to the projects based on the proportional benefit.
- A cost that benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved may be allocated or transferred to the benefiting projects on any reasonable basis as long as:
  - 1) the costs charged are allowable, allocable, and reasonable under the applicable cost principles; and
  - 2) your financial management system includes adequate internal controls.

When you deem multiple projects from the same applicant worthy of funding, you must ensure that costs allocated to the projects do not duplicate funding (e.g., salaries of the project lead do not equal more than 100% FTE).

## 5.5 ALLOWABLE COSTS AND ACTIVITIES

[Back to Top](#)

All costs must solely enhance the competitiveness of specialty crops. At a minimum, the costs of activities that solely benefit specialty crops must be readily distinguishable from other financial activities. If you or your subrecipients do not do this or it is impractical to segregate these costs, then the costs are not allowable.

The governing cost principles address selected items of cost, however the AMS SCBGP mentions some costs in this subsection for emphasis. The AMS SCBGP does not intend for this subsection to be all-inclusive. You and your subrecipients should consult the Federal cost principles for the applicable organization for the complete explanation of the allowability of costs they address. If you have questions concerning the allowability of costs after reviewing the associated Federal cost principles, you should contact the AMS SCBGP.

If a cost is allowable, it is allocable as either a direct cost or an indirect cost, depending on the recipient or subrecipient accounting system. You and your subrecipients are responsible for presenting costs consistently and must not include costs associated with your indirect rate as direct costs. For some costs addressed in this subsection, the text specifies whether the cost is usually a direct cost or an indirect cost.

An award based on an application that includes specific information concerning any direct costs or activities that require AMS SCBGP prior approval constitutes the prior approval for those costs or activities. You are

not required to obtain any additional approval for those costs/activities. If a cost or activity requiring AMS SCBGP prior approval is not included or fully described in the approved application, you must obtain post-award prior approval as described in **8.0 Changes Requiring Prior Approval**.

You and your subrecipients and contractors under grants are subject to the requirements of the cost principles otherwise applicable to their type of organization and to these terms and conditions of the award. Exhibit 2 describes selected cost items.

### Exhibit 2 – Selected Cost Items

Item	Description
<b>Administration Costs</b>	Administration costs, defined as indirect costs, are limited to 8 percent of the total Federal funds provided under this award per <a href="#">section 10010(4) of the Agricultural Act of 2014, Public Law 113-79</a> . Indirect costs are also limited to 8 percent of any projects' budget.
<b>Advertising and Public Relations and Selling and Marketing Costs</b>	<i>Allowable</i> if the primary purpose is to promote the sale of an eligible specialty crop by either stimulating interest in a particular specialty crop or disseminating technical information or messages for the purpose of increasing market share for the specialty crops.
<b>Advertising and Public Relations –Promotion of an organization's image, logo, or brand name</b>	<p><i>Unallowable</i> for advertising and public relations costs designed solely to promote the image of an organization, general logo, or general brand rather than eligible specialty crops.</p> <ul style="list-style-type: none"> <li>• A promotional campaign to increase sales of "XYZ Grown" Watermelon is acceptable while increasing brand awareness of "XYZ Grown" generically is not.</li> <li>• Promoting tomatoes while including an organization's logo in the promotion is acceptable, while generally promoting an organization's logo is not.</li> <li>• Promotional items could say "Buy XYZ Grown Apples" but not "XYZ Grown", which promotes XYZ generically.</li> <li>• A promotional campaign to increase producer sales of "XYZ Grown fruits and vegetables" is acceptable while increasing membership in "XYZ Grown" generally is not.</li> </ul>
<b>Advertising and Public Relations - Promotion of non-specialty crop activities</b>	<p><i>Unallowable</i> for advertising and public relations costs for promotion at non-specialty crop specific venues, tradeshow, events, meetings, programs, conventions, symposia, seminars, etc.</p> <ul style="list-style-type: none"> <li>• Advertisements could say "Buy Sweet Corn! It is the Best!" but not "Buy Local."</li> <li>• Advertising educational sessions at a conference that solely benefits specialty crop growers are acceptable, while advertising a non-specialty crop specific local food conference is not.</li> </ul>
<b>Advertising and Public Relations - Promotional items</b>	<p><i>Allowable</i> for promotional items that solely promote specialty crops rather than a single organization, general brand, or general logo. Distribution of any promotional item must not be contingent upon the consumer, or other target audience, purchasing a good or service to receive the promotional item.</p> <ul style="list-style-type: none"> <li>• Promotional items could say "Buy XYZ Grown Apples" but not "XYZ Grown."</li> </ul>
<b>Advertising and Public Relations -</b>	<i>Unallowable</i> for gifts, prizes, memorabilia, and souvenirs.

Item	Description
<b>Gifts, prizes, etc.</b>	
<b>Advertising and Public Relations - Sponsorships</b>	<i>Unallowable</i> for costs associated with sponsorships. A sponsorship is a form of advertising in which an organization uses grant funds to have its name and/or logo associated with certain events and where the organization does not necessarily know how the funds associated with sponsorship costs will be used. These costs are considered a contribution or donation and only benefit the organization offering funding. This limits the beneficiaries to the sponsor organization, which conflicts with the restriction that projects affect and produce measurable outcomes for the specialty crop industry and/or the public rather than a single organization, institution, or individual.
<b>Advertising and Public Relations - Coupons, Incentives or Other Price Discounts</b>	<i>Unallowable</i> for costs of coupon/incentive redemptions or price discounts. Costs associated with printing, distribution, or promotion of coupons/tokens or price discounts (e.g., a print advertisement that contains a clip-out coupon) are <i>allowable</i> only if they solely promote the specialty crop rather than promote or benefit a program or single organization.
<b>Advertising and Public Relations - Use of meeting rooms, space, exhibits for non-specialty crop activities</b>	<i>Unallowable</i> for costs associated with the use of trade shows, meeting rooms, displays, demonstrations, exhibits, and the rental of space for activities that do not solely promote specialty crops. <ul style="list-style-type: none"> <li>• Supporting the participation of raspberry and blueberry producers at a non-specialty crop specific international trade show to promote berries to an international audience is allowable, while renting a booth space for berry producers as well as wheat producers at an international trade show is not allowable.</li> <li>• Supporting the participation of farmers' market managers at a national conference that is not specific to specialty crops is not allowable.</li> <li>• Supporting a portion of a national conference that is not specific to specialty crops is not allowable, while supporting a session on specialty crops at a national conference that is not specific to specialty crops is allowable.</li> <li>• Funding an "XYZ State Grown" booth at a specialty crop-specific venue where all exhibitors in the booth are specialty crop producers is allowable, but funding an "XYZ Grown" booth at a non-specialty crop specific venue is not allowable.</li> </ul>
<b>Advertising and Public Relations - Cookbooks, Cooking Demonstrations, Recipe Cards, Food Pairings</b>	<i>Allowable</i> for costs promoting the specialty crops in processed products (products prepared or created for the purposes of promoting a specialty crop but that require other ingredients are considered a processed product). Processed product is defined as a product that consists of greater than 50% of the specialty crop by weight, exclusive of added water.  <i>Unallowable</i> for costs of separate complementary non-specialty crop products. A separate complementary non-specialty crop product is defined as a product closely associated with a specialty crop product, the purchase of one encouraging consumers to buy the other, e.g. cheese and wine.
<b>Alcoholic</b>	<i>Unallowable</i> for alcoholic beverages except when the costs are associated with

Item	Description
<b>Beverages</b>	enhancing the competitiveness of a processed product as defined above.
<b>Aquaponics</b>	<p>Allowable as long as the crops that are being grown are eligible specialty crops and the focus of the project is on the specialty crops and not the fish.</p> <ul style="list-style-type: none"> <li>• A project to determine whether carp, catfish, or tilapia are best for growing lettuce is acceptable.</li> <li>• A project to study whether lettuce or tomato produced the highest yield of tilapia is not acceptable.</li> <li>• A project to farm fish using an aquaponics system and then sell the fish is not acceptable.</li> <li>• A project to grow specialty crops where both the specialty crops and the fish are sold is not acceptable.</li> </ul> <p>For more information on constructing or purchasing an aquaponics system, see <i>Equipment-General Purpose</i> and <i>Equipment – Special Purpose</i>.</p>
<b>Audiovisual Activities and Acknowledgement of Support</b>	<p><i>Allowable</i> for the production of an audiovisual. “Audiovisual” is defined as any product containing visual imagery, sound, or both, such as motion pictures, films, CD’s, live or recorded radio or television programs or public service announcements, YouTube videos, slide shows, filmstrips, audio recordings, multimedia presentations, or exhibits where visual imagery, sound, or both are an integral part. “Production” refers to the steps and techniques used to create a finished audiovisual product, including, but not limited to, design, layout, scriptwriting, filming or taping, fabrication, sound recording, and editing.</p> <ul style="list-style-type: none"> <li>• A recipient with in-house production capability must determine whether it would be more efficient and economical to use that capability or to contract for the production of an audiovisual.</li> <li>• In accordance with <a href="#">7 CFR 3015.200</a>, an acknowledgement of Federal support and a disclaimer may be placed on any audiovisual which has a direct production cost to the recipient or subrecipient over \$5,000.</li> <li>• If the recipient or subrecipient chooses to add an acknowledgement of support, it must read as follows: <ul style="list-style-type: none"> <li>○ <i>This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture (USDA) through grant {Insert Grant Agreement Number}. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.</i></li> </ul> </li> </ul> <p>Note that USDA symbols or logos are intended for the official use of the United States Department of Agriculture only. They are expressly excluded from use to imply endorsement of a commercial product or service. The symbol or logo may not be used by anyone outside of USDA without permission.</p>
<b>Audit Costs</b>	<p><i>Allowable</i> for the cost of a limited scope audit to monitor a subrecipient provided the subrecipient is not required to have a Single Audit and the other conditions of <a href="#">section 230(b) (2) of 7 CFR 3052</a> are met. The charges may be treated as a direct costs when:</p> <ol style="list-style-type: none"> <li>1) the audit’s scope is limited to a single SCBGP grant-supported project or program, as</li> </ol>

Item	Description
	<p>specified in 7 CFR 3052.230 (b) (2); or</p> <p>2) the audit's scope includes more than one project but the costs can be specifically identified with, and allocated to, each project on a proportional basis; and</p> <p>3) this practice is followed consistently by the recipient.</p> <p>Otherwise, charges for audits must be treated as indirect costs.</p>
<b>Communication Costs</b>	<p><i>Allowable.</i> Such costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are usually treated as indirect costs.</p>
<b>Construction and Renovation and Land or Building Acquisition</b>	<p><i>Unallowable</i> for the acquisition of buildings, facilities, or land or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations of an existing building or facility (including site grading and improvement, and architecture fees).</p> <p>Building is defined as any permanent structure that is designed or intended for support, enclosure, shelter or protection of person, animals or property having a permanent roof that is supported by columns or walls.</p>
<b>Conferences</b>	<p><i>Allowable</i> for costs of conferences. A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal recipient or subrecipient as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals (see <i>Meals</i> for restrictions), and refreshments, local transportation, and other items incidental to such conferences with the exception of entertainment costs that are unallowable. If registration fees are collected, the recipient or subrecipient must report those fees as program income (See also <i>Program Income</i>).</p> <p>The AMS SCBGP encourages the use of technologies such as webinars, teleconferencing, or videoconferencing as an alternative to renting a building or a room.</p>
<b>Contingency Provisions</b>	<p><i>Unallowable</i> for contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening.</p>
<b>Contractual and Consultant Costs (Professional Services)</b>	<p><i>Allowable subject to limitations below.</i> Contractual/consultant costs are the expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the applicant in the form of a procurement relationship.</p> <p>The following factors are relevant in determining the allowability of contractual/consultant costs:</p> <ol style="list-style-type: none"> <li>(1) The nature and scope of the service rendered in relation to the service required.</li> <li>(2) The necessity of contracting for the service, considering the non-Federal recipient's or subrecipient's capability in the particular area.</li> <li>(3) The past pattern of such costs, particularly in the years prior to Federal awards.</li> <li>(4) The impact of Federal awards on the non-Federal recipient's or subrecipient's business (i.e., what new problems have arisen).</li> </ol>

Item	Description
	<p>(5) Whether the proportion of Federal work to the non-Federal recipient's or subrecipient's total business is such as to influence the non-Federal recipient's or subrecipient's in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal awards.</p> <p>(6) Whether the service can be performed more economically by direct employment rather than contracting.</p> <p>(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.</p> <p>(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).</p> <p><i>Allowable</i> for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in your area (for more information please go to <a href="http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2014/general-schedule/">http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2014/general-schedule/</a>). This does not include fringe benefits, travel, indirect costs, or other expenses. Please note that any statutory limitations on indirect costs also apply to contractors and consultants.</p> <p>If rates exceed this amount, one of the following justifications must be provided:</p> <ul style="list-style-type: none"> <li>• A description of the steps you took to hire a contractor, which includes obtaining a cost/price analysis. The purpose of the analysis is to review and evaluate each element of cost to determine reasonableness, allocability, and allowability.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>• Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. Therefore, the selected contractor's specialized qualifications necessitate hiring at a rate beyond a GS-15 step 10. (Please outline the unique qualifications of the contractor.)</li> </ul> <p>Documentation for consultants maintained by the receiving organization must include:</p> <ul style="list-style-type: none"> <li>• the name of the consulting firm or individual consultant;</li> <li>• the nature of the services rendered and their relevance to the grant-supported activities, if not otherwise apparent from the nature of the services;</li> <li>• the period of service; the basis for calculating the fee paid (e.g., rate per day or hour worked or rate per unit of service rendered);</li> <li>• the amount paid; and</li> <li>• termination provisions.</li> <li>• This information may be included in the consultant's invoice, in the report, or in another document.</li> </ul>
<b>Contributions or Donations and</b>	<p><i>Unallowable</i> for contributions or donations, including cash, property, and services, from the recipient or subrecipient to other entities.</p> <ul style="list-style-type: none"> <li>• A non-profit entity using grant funds to purchase produce to donate to other entities and individuals is unallowable.</li> </ul>
<b>Depreciation or</b>	<i>Unallowable</i> for depreciation or use charges on any portion of the cost of equipment

Item	Description
<b>use allowances</b>	acquired under the AMS SCBGP.
<b>Dues or Membership Fees</b>	<i>Allowable</i> as an indirect cost for organizational membership in business, professional, or technical organizations or societies. Payment of dues or membership fees for an individual's membership in a professional or technical organization is allowable as a fringe benefit or an employee development cost, if paid according to an established organizational policy consistently applied regardless of the source of funds.
<b>Entertainment</b>	<i>Unallowable.</i> Entertainment costs include amusement, diversion, and social activities and any costs directly associated with such costs (such as bands, orchestras, dance groups, tickets to shows, meals, lodging, rentals, transportation, and gratuities).
<b>Equipment - General Purpose</b>	<p><i>Unallowable for purchase costs but allowable for rental costs.</i> "General purpose equipment" is tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000, and is used for other than research, scientific or other technical activities. Acquisition cost is defined as the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, tractors, reproduction and printing equipment, and motor vehicles.</p> <p><i>Unallowable</i> for purchase even if the AMS SCBGP share is less than \$5,000 of the general purpose equipment that costs \$5,000 or more.</p> <p>For policies governing the allowability of costs for rental of equipment, see <i>Rental or Lease Costs of Buildings, Vehicles, Land and Equipment</i> in this exhibit.</p>
<b>Equipment - Special Purpose</b>	<p><i>Allowable</i> provided the equipment with a unit cost of \$5,000 or more has prior approval from AMS, SCBGP and meets the following conditions. See <b>8.0 Changes Requiring Prior Approval</b>.</p> <p>"Special purpose equipment" is tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000, and is used only for research, scientific, or other technical activities. Acquisition cost is defined as the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal recipients' or subrecipients' regular accounting practices</p> <p>Capital expenditures (expenditures to acquire, make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations that materially increase the value or useful life) for special purpose equipment are allowable as direct costs, provided the following criteria is met:</p> <ol style="list-style-type: none"> <li>1) Necessary for the research, scientific, or other technical activities of the grant</li> <li>2) Not otherwise reasonably available and accessible</li> <li>3) The type of equipment is normally charged as a direct cost by the organization</li> <li>4) Acquired in accordance with organizational practice</li> <li>5) Must only be used to solely enhance the competitiveness of specialty crops</li> <li>6) The specialty crop industry, rather than a single commercial organization, commercial product, or individual, must benefit from the use of the equipment</li> </ol>

Item	Description
	<p>7) Must not use special purpose equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services</p> <p>8) The subrecipient that acquired the equipment with AMS SCBGP funds and the State department of agriculture awarding funds for the equipment must understand the non-federal subrecipient is subject to the full range of acquisition, use, management, and disposition requirements of <a href="#">7 CFR parts 3019.34 and 3019.35</a> or <a href="#">7 CFR parts 3016.32 and 3016.33</a> as applicable.</p> <p>Recipients and subrecipients purchasing any special purpose equipment are encouraged to use such funds to purchase only American-made equipment or products.</p> <p>For policies governing the classification, use, management, and disposition of equipment, see <a href="#">10.0 Property Management</a>. For policies governing the allowability of costs for rental of equipment, see <a href="#">Rental or Lease Costs of Buildings, Vehicles, Land and Equipment</a> in this exhibit.</p>
<b>Fines, Penalties, Damages, and Other Settlements</b>	<p><i>Unallowable</i> for costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the AMS SCBGP.</p>
<b>Foreign Travel</b>	<p><i>Allowable</i> with prior approval from AMS. See <a href="#">8.0 Changes Requiring Prior Approval</a>.</p> <p>Each separate foreign trip must receive prior approval from the AMS SCBGP. For purposes of this provision, “foreign travel” includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions. However, the term “foreign travel” for a governmental unit located in a foreign country means travel outside that country. An applicant with a proposal that involves foreign market development must determine if the project is more appropriate for grant programs administered by the Foreign Agricultural Service or funded through the State-Regional Trade Groups. AMS SCBGP recommends that applicants search the Foreign Agricultural Service data base of GAIN reports (<a href="http://gain.fas.usda.gov/Pages/Default.aspx">http://gain.fas.usda.gov/Pages/Default.aspx</a>) to ensure that proposals will not duplicate information that already exists. Any proposal involving foreign travel must be well justified.</p> <p>See <a href="#">Travel</a> and <a href="#">General Costs of Government</a> in this exhibit for more information on travel costs and restrictions.</p>
<b>Fundraising</b>	<p><i>Unallowable</i> for organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used. This includes salaries of personnel involved in activities to raise capital.</p>
<b>General Costs of Government</b>	<p><i>Unallowable</i> for:</p> <p>(1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision or the chief executive of federally-recognized Indian tribal government;</p> <p>(2) Salaries and other expenses of a State legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;</p>

Item	Description
	<p>(3) Costs of the judicial branch of a government;</p> <p>(4) Costs of prosecutorial activities; and</p> <p>(5) Costs of other general types of government services normally provided to the general public, such as fire and police.</p>
<b>Goods or Services for Personal Use</b>	<p><i>Unallowable for costs of goods or services for personal use of the recipient's or subrecipient's employees regardless of whether the cost is reported as taxable income to the employees.</i></p>
<b>Health and Nutrition Messaging</b>	<p><i>Allowable when health and nutrition information complies with regulations and policies of the:</i></p> <p><i>Federal Trade Commission</i>  <a href="http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection">http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection</a></p> <p>AND</p> <p><i>U.S. Food and Drug Administration</i>  <a href="http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/default.htm">http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/default.htm</a></p> <p>Nutrition and health claims must be truthful, not misleading or deceptive, and include adequate disclaimers if appropriate.</p>
<b>Information Technology Systems</b>	<p><i>Unallowable for information technology systems having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established in accordance by generally accepted accounting principles (GAAP) by the non-Federal recipient or subrecipient for financial statement purposes or \$5,000. Acquisition cost is defined as the cost of the asset including the cost to ready the asset for its intended use. Acquisition costs for software includes those development costs capitalized in accordance with GAAP.</i></p> <p>Information technology systems include computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. Computing devices is defined as machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. Examples of unallowable information technology systems include service contracts, operating systems, printers, and computers that have an acquisition cost of \$5,000 or more.</p> <p><i>Allowable for website development, mobile apps, etc.</i></p>
<b>Insurance and Indemnification</b>	<p><i>Allowable for costs associated with the purchase and maintenance of insurance and indemnification (liability protection) when it is used in connection with allowable grant activities.</i></p> <p>Insurance usually is treated as an indirect cost. In certain situations, however, where special insurance is required as a condition of the grant because of risks peculiar to the project, the premium may be charged as a direct cost if doing so is consistent with organizational policy.</p> <p>The cost of insuring equipment, whether purchased with grant funds or furnished as federally owned property, normally should be included in indirect costs but may be</p>

Item	Description
	allowable as a direct cost if this manner of charging is the normal organizational policy. Additional restrictions and exceptions apply, so consult the applicable cost principles.
<b>Invention, Patent, or Licensing Costs</b>	May be allowable provided that costs are authorized under applicable cost principles. Such costs include licensing or option fees, attorney's fees for preparing or submitting patent applications, and fees paid to the U.S. Patent and Trademark Office for patent application, patent maintenance, or recordation of patent-related information.
<b>Investment Management Cost</b>	<i>Unallowable</i> for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.
<b>Lobbying</b>	<p>The recipient should obtain an advance understanding with the AMS SCBGP if it intends to engage in certain activities intended to influence Federal, State or local government entities.</p> <p><i>Unallowable</i> for:</p> <p>(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;</p> <p>(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;</p> <p>(3) Any attempt to influence:</p> <ul style="list-style-type: none"> <li>a) the introduction of Federal or State legislation; or</li> <li>b) the enactment or modification of any pending Federal or State legislation through: <ul style="list-style-type: none"> <li>i) communication with any member or employee of the Congress or State legislature, including efforts to influence State or local officials to engage in similar lobbying activity; or</li> <li>ii) by preparing, distributing, or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or</li> </ul> </li> <li>c) any government official or employee in connection with a decision to sign or veto enrolled legislation;</li> </ul> <p>(4) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying; and</p> <p>(5) Costs incurred in attempting to improperly influence, either directly or indirectly, an employee or officer of the Executive branch of the Federal Government to give consideration to or act regarding a regulatory, agreement, or contract matter.</p>

Item	Description
	<p><i>Allowable</i> activities directly related to the performance of a grant include:</p> <p>(1) Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member provided:</p> <ul style="list-style-type: none"> <li>a) The presentation is in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member; and</li> <li>b) The information for the presentation is readily obtainable and able to be put in deliverable form; and</li> <li>c) The costs for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.</li> </ul> <p>2) Any activity conducted to influence State or local legislation in order to directly reduce the cost; or to avoid material impairment of the grant recipient's authority to perform the grant, contract, or agreement.</p> <p>3) Any activity excepted from the definitions of "lobbying" or "influencing legislation" by the Internal Revenue Code provisions that require nonprofit organizations to limit their participation in direct and "grass roots" lobbying activities in order to retain their charitable deduction status and avoid punitive excise taxes, I.R.C. §§ 501(c)(3), 501(h), 4911(a), including:</p> <ul style="list-style-type: none"> <li>a) Nonpartisan analysis, study, or research reports;</li> <li>b) Examinations and discussions of broad social, economic, and similar problems; and</li> <li>c) Information provided upon request by a legislator for technical advice and assistance, as defined by I.R.C. § 4911(d)(2) and 26 CFR 56.4911-2(c)(1)-(c)(3).</li> </ul>
<b>Meals</b>	<p><i>Unallowable</i> for business meals when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered an entertainment cost.</p> <p><i>Unallowable</i> for breakfasts for conference attendees because it is expected these individuals will have sufficient time to obtain this meal on their own before the conference begins in the morning.</p> <p><i>Unallowable</i> for meal costs that are duplicated in meeting participant's per diem or subsistence allowances.</p> <p><i>Allowable</i> for lunch or dinner meals if the costs are reasonable and a justification is provided that such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.</p> <p><i>Allowable</i> for meals consumed while in official travel status. They are considered per diem expenses and should be reimbursed in accordance with the organization's established written travel policies.</p>

Item	Description
<b>Organization Costs</b>	Unallowable for costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, except with prior approval of the AMS SCBGP.
<b>Participant Support Costs</b>	<p><i>Allowable</i> for such items as stipends or subsistence allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with approved conferences, training projects, and focus groups.</p> <p>See also <i>Advertising and Public Relations - Coupons, Incentives or Other Price Discounts</i>.</p>
<b>Political Activities</b>	<i>Unallowable</i> for development or participation in political activities in accordance with provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7326).
<b>Pre-Award (Pre-Agreement Costs)</b>	<p><i>Allowable</i>, if such costs are necessary to conduct the project or program, and would be allowable under the grant, if awarded.</p> <p>A recipient may incur pre-award costs without prior approval from AMS SCBGP at its own risk. The incurrence of pre-award costs in anticipation of an award imposes no obligation on the AMS SCBGP to award funds for such costs.</p>
<b>Proposal Costs</b>	<i>Allowable</i> as an indirect cost for subrecipients. State department of agriculture applicants may include direct costs for proposal costs in their State Plan as long as the costs are presented consistently and can be identified specifically with the particular award, project or program, service, or other organizational activity, or that can be directly assigned to such an activity with a high degree of accuracy. No proposal costs of past accounting periods will be allocable to the current period.
<b>Publication and Printing Costs and Acknowledgement of Support</b>	<p><i>Allowable</i> for publication costs for electronic and print media, including distribution, promotion, and general handling. Publication costs also include page charges in professional publications. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the recipient. Page charges for professional journal publications are allowable as a necessary part of research costs where: (1) the research papers report work supported by the Federal Government; and (2) the charges are levied impartially on all research papers published by the journal, whether or not by federally-sponsored authors.</p> <ul style="list-style-type: none"> <li>• In accordance with 7 CFR 3015.200, an acknowledgement of Federal support and a disclaimer may appear in the publication of any material, whether copyrighted or not, based on or developed under a project. If the recipient or subrecipient chooses to add an acknowledgement of support, it must read as follows: <ul style="list-style-type: none"> <li>○ This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture (USDA) through grant {Insert Grant Agreement Number}. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.</li> <li>○ Note that USDA symbols or logos are intended for the official use of the</li> </ul> </li> </ul>

Item	Description
	<p>United States Department of Agriculture only. They are expressly excluded from use to imply endorsement of a commercial product or service. The symbol or logo may not be used by anyone outside of USDA without permission.</p>
<b>Registration Fees</b>	<p><i>Allowable</i> for attendance at conferences, symposiums, or seminars if necessary to accomplish project or program objectives.</p>
<b>Rental or Lease Costs of Buildings, Vehicles, Land and Equipment</b>	<p><i>Allowable</i> to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, vehicle, land or equipment, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property, vehicle, land or equipment leased. The recipient or subrecipient should review rental arrangements periodically to determine if circumstances have changed and other options are available.</p> <p><i>Allowable</i> for rental costs under leases that create a material equity in the leased property, as defined in the applicable cost principles, only up to the amount that would be allowed had the recipient or subrecipient purchased the property on the date the lease agreement was executed. This would include depreciation or use allowances, maintenance, taxes, and insurance, but would exclude unallowable costs.</p> <p>When a recipient or subrecipient transfers property to a third party through sale, lease, or otherwise and then leases the property back from that third party, the lease costs that may be charged to an AMS SCBGP grant generally may not exceed the amount that would be allowed if the recipient or subrecipient continued to own the property.</p> <p><i>Allowable</i> for rental costs under “less-than-arms-length” leases only up to the amount that would be allowed under the applicable cost principles had title to the property been vested in the recipient or subrecipient. A less-than-arms-length lease is one in which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between divisions of an organization; between organizations under common control through common officers, directors, or members; and between an organization and its directors, trustees, officers, or key employees (or the families of these individuals), directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.</p>
<b>Salaries, Wages, and Fringe Benefits</b>	<p><i>Allowable</i> as part of employee compensation for personnel services in proportion to the amount of time or effort an employee devotes to the grant-supported project or program during the period of performance under the Federal award, including salaries, wages, and fringe benefits. Such costs must be incurred under formally established policies of the organization, be consistently applied, be reasonable for the services rendered, and be supported with adequate documentation.</p> <p>Salary and wage amounts charged to grant-supported projects or programs for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with generally accepted practices of like organizations. Standards for payroll distribution systems are contained in the applicable cost principles (other than those for for-profit organizations). Briefly summarized, acceptable systems are below.</p> <p><i>Unallowable</i> for salaries, wages and fringe benefits for project staff that devote time and effort to non-specialty crop specific venues, tradeshow, events, meetings, programs, conventions, symposia, seminars, etc. where costs cannot be specifically identified and easily and accurately traced to activities that solely enhance the competitiveness of</p>

Item	Description	
	specialty crops. <ul style="list-style-type: none"> <li>Example: Salaries and wages for a farmers market manager to manage and advertise a farmers market that includes non-specialty crop items is unallowable, while salaries and wages for personnel to conduct a cooking demonstration on how to prepare fruits and vegetables is allowable</li> </ul>	
<b>Salaries and Wages – State, Local, and Indian Tribal Governments Standards for Payroll Distribution Documentation</b>	<b>Employee Type</b>	<b>Required documentation to support salaries and wages</b>
	All employees	Time and attendance or equivalent records for all employees and any of the following documents required based on employee activities.
	Employees who work in a single indirect cost activity	See requirements for all employees. No further documentation is required.
	Employees who work on a single federal award or cost objective  For employees who work on: <ul style="list-style-type: none"> <li>More than one Federal award,</li> <li>A Federal award and a non-Federal award,</li> <li>An indirect cost activity and a direct cost activity,</li> <li>Two or more indirect activities which are allocated using different allocation bases; or</li> <li>An unallowable activity and a direct or indirect cost activity</li> </ul>	A semiannual signed “certification”. The recipient or subrecipient must keep the “certification” on record for review by the AMS SCBGP.  Monthly “activity reports” that coincide with one or more pay periods. The monthly activity reports must include: <ul style="list-style-type: none"> <li>After-the-fact reporting of actual distribution of activities;</li> <li>Account for the total activity for which the employee is compensated; and</li> <li>Include the employee’s signature.</li> </ul> The recipient or subrecipient must keep the activity reports on record for review by the AMS SCBGP.
<b>Salaries and Wages – Hospitals for Payroll Distribution Documentation</b>	<b>Employee Type</b>	<b>Required documentation to support salaries and wages</b>
	Professional staff members	Monthly after-the-fact reports of the distribution of time or effort.
Non-professional employees	Time and attendance and payroll distribution records.	
<b>Salaries and Wages – Non-Profit Organizations for Payroll Distribution Documentation</b>	<b>Employee Type</b>	<b>Required documentation to support salaries and wages</b>
	All Employees	<ul style="list-style-type: none"> <li>Monthly after-the-fact reports, including a signed certification, by the employee, or by a responsible supervisory official having first-hand knowledge of the work performed, that the distribution of activity</li> </ul>

Item	Description	
	<p>Non-professional employees</p> <p>The distribution of salaries and wages must be supported by personnel activity reports as described above, except when a substitute system has been approved, in writing, by the Federal cognizant agency designated under <a href="#">2 CFR part 230</a>.</p>	<p>represents a reasonable estimate of the actual work performed by the employee during the period covered by the report.</p> <ul style="list-style-type: none"> <li>Each report must account for the total activity for which the employee is compensated.</li> </ul> <p>Additional supporting reports, indicating the total number of hours worked each day, must be maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (<a href="#">29 CFR part 516</a>).</p>
<b>Salaries and Wages - Educational Institutions for Payroll Distribution Documentation</b>	<b>Employee Type</b>	<b>Required documentation to support salaries and wages</b>
	<p>Professorial and other professional staff</p>	<ul style="list-style-type: none"> <li>A plan confirmation system for professorial and other professional staff that is based on budgeted, planned, or assigned work activity and that is updated to reflect any significant changes in work distribution. This system must be incorporated into the organization's official records and must identify activity applicable to each sponsored agreement and to each category needed to identify indirect costs and the functions to which they are allocable. At least annually, the employee, Principal Investigator/Project Director (PI/PD), or responsible officials will verify, by suitable means, that the work was performed and that the salaries and wages charged to sponsored agreements, whether as direct charges or in other categories of cost, are reasonable in relation to the work performed.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>A system, supported by after-the-fact activity reports prepared each academic term, but at least every 6 months, that reflects the distribution of covered employees' activity allocable to each grant and includes identification and recording of significant changes in work activity when initial charges were based on estimates. The system also must specify</li> </ul>

Item	Description
	<p>each category of activity needed to identify indirect costs and the functions to which they are allocable.</p> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>• A multiple confirmation records system supported by records certifying costs separately for direct costs and indirect costs, with reports prepared each academic term, but at least every 6 months, that confirm the activities as allocable to direct or indirect costs.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>• Any other method meeting the criteria specified in <a href="#">Appendix A, J.10 of 2 CFR part 220</a></li> </ul>
Other Employees	<ul style="list-style-type: none"> <li>• A system, supported by after-the-fact activity reports prepared monthly unless alternate arrangements are agreed upon, that reflects the distribution of covered employees' activity allocable to each grant and includes identification and recording of significant changes in work activity when initial charges were based on estimates. The system also must specify each category of activity needed to identify indirect costs and the functions to which they are allocable.</li> </ul>
<b>Salaries and Wages – For-Profit Organizations for Payroll Distribution Documentation</b>	<p>AMS SCBGP requires for-profit organizations to conform with industry standards to support salary and wage charges to SCBGP grants. The recipient must maintain a time-and-effort reporting system for both professional and other-than-professional staff reflecting daily after-the-fact reporting of hours expended on individual projects or indirect activities. The system must record both hours worked and hours absent. This information must be certified by an authorized organizational representative no less frequently than every pay period.</p>
<b>Scholarships and Student Aid Costs</b>	<p><i>Allowable</i> for costs of scholarships, fellowships, and other programs of student aid only when the purpose of the Federal award is to provide training to selected participants. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that:</p> <ul style="list-style-type: none"> <li>• The individual is performing activities necessary to the grant;</li> <li>• Tuition remission and other forms of compensation are consistently provided in accordance with established institutional policy and consistently provided in a like manner to students in return for similar activities conducted in under Federal awards as well as other activities;</li> <li>• During the academic period, the student is enrolled in an advanced degree program at a non-Federal entity or affiliated institution and the activities of the student in relation to the federally sponsored research project are related to the</li> </ul>

Item	Description
	<p>degree program;</p> <ul style="list-style-type: none"> <li>• The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and</li> <li>• It is the institution’s practice to similarly compensate students under Federal awards as well as other activities.</li> </ul> <p>Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages are subject to the reporting requirements in <a href="#">Appendix A, J.10 of 2 CFR part 220</a>, or an equivalent method for documenting the individual’s effort on the project. Tuition remission may be charged on an average rate basis.</p>
<p><b>Supplanting of State Funds</b></p>	<p><i>Unallowable.</i> Grant funds must supplement the expenditure of State funds in support of specialty crops grown in that State, rather than replace State funds.</p> <p>The discovery of supplanting will result in the immediate return of Federal funds related to the expenditure and project. Supplanting puts all Federal funds at risk.</p> <p>In a case where a question of supplanting may arise, the recipient or subrecipient should retain whatever documentation it produces during the ordinary course of government business that will help substantiate that supplanting has not occurred. Depending on the circumstances, relevant documents might include annual appropriations acts or executive orders directing broad reductions of operating budgets.</p>
<p><b>Supplies and Materials, Including Costs of Computing Devices</b></p>	<p><i>Allowable</i> for costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs. Only materials and supplies actually used for the performance of a Federal award may be charged as direct costs.</p> <p>A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or \$5,000, regardless of the length of its useful life. In the specific case of computing devices, charging as direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.</p> <p>For policies governing the classification, use, management, and disposition of supplies, see <a href="#">10.0 Property Management</a>.</p>
<p><b>Termination or Suspension Costs</b></p>	<p><i>Unallowable</i> except as follows. If a grant is terminated or suspended, the recipient may not incur new obligations after the effective date of the termination or suspension and must cancel as many outstanding obligations as possible. The AMS SCBGP will allow full credit to the recipient for the Federal share of otherwise allowable costs if the obligations were properly incurred before suspension or termination—and not in anticipation of it—and, in the case of termination, are not cancelable. The AMS SCBGP may authorize other costs in, or subsequent to, the notice of termination or suspension. See <a href="#">7 CFR part 3016.43</a> and <a href="#">7 CFR part 3019.62(c)</a>.</p>
<p><b>Training and</b></p>	<p><i>Allowable</i> for the State department of agriculture recipient when training and education</p>

Item	Description
<b>Education</b>	<p>is directly related to Federal grants management in proportion to the amount of time and effort expended by the trainee on the grant program.</p> <p><i>Allowable</i> when the training and education is required to meet the objectives of the project or program.</p>
<b>Travel</b>	<p><i>Allowable</i> when travel costs are limited to those allowed by formal organizational policy; in the case of air travel, the lowest reasonable commercial airfares must be used. See <i>General Costs of Government</i> for restrictions on travel costs for specific government officials.</p> <p>Each separate domestic or foreign trip involving a government official's travel costs must receive prior approval from AMS. See <i>8.0 Changes Requiring Prior Approval</i>.</p> <p>Recipients and subrecipients that do not have formal travel policies and for-profit subrecipients' allowable travel costs may not exceed those established by the Federal Travel Regulation, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at <a href="http://www.gsa.gov">http://www.gsa.gov</a>. If a recipient or subrecipient organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p> <p>Recipients and subrecipients are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance.</p> <p>Recipients and subrecipients should consider the use of alternative technologies such as teleconferencing or videoconferencing if they are available, appropriate for the project, and less costly.</p> <p><i>Unallowable</i> for travel costs for conferences, venues, tradeshow, events, meetings, programs, conventions, symposia, workshops seminars, etc. that include non-specialty crop activities such as farmers' market annual conferences and general marketing tradeshow where these costs cannot be specifically identified and easily and accurately traced to activities that solely enhance the competitiveness of specialty crops.</p> <ul style="list-style-type: none"> <li>• Example: Travel costs for personnel to travel to a farmers market conference is unallowable, while travel to a vegetable food safety educational session is allowable.</li> </ul>

## 6.0 FINANCIAL MANAGEMENT

### 6.1 FINANCIAL MANAGEMENT SYSTEM

#### [Back to Top](#)

You and your subrecipients are required to meet the standards and requirements for financial management systems set forth or referenced in [7 CFR part 3016.20](#) or [7 CFR part 3019.21](#), as applicable. The adequacy of the financial management system is integral to your ability to account for the expenditure of grant funds. You must use Federal funds in a responsible manner that includes adequate internal controls and cash management consistent with Department of the Treasury requirements.

State recipients must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for State funds. States' and other non-Federal subrecipients' financial management

systems, including records documenting compliance with the terms and conditions of the award, must be sufficient to permit: 1) preparation of required reports; and 2) tracing of expenditures to a level adequate to establish that award funds were used in accordance with all applicable terms, conditions, and restriction. These financial management systems must provide:

- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
- Accurate, current, and complete disclosure of the financial results of each Federal award;
- Records that adequately identify the sources of funds for Federally-funded activities and the purposes for which the funds was used, including authorizations, obligations, unobligated balances, assets, expenditures, program income, and interest. Accounting records must be supported by source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents;
- Effective control over and accountability for all funds, property, and other assets to assure they are adequately safeguarded and used only for authorized purposes. In cases where projects are not 100 percent federally funded, effective internal controls must be in place to assure that expenditures financed with Federal funds are properly chargeable to the grant-supported project;
- Comparison of expenditures with approved budgeted amounts for each approved subgrant;
- Written procedures for determining the allowability of costs in accordance with the applicable Federal cost principles, program regulations, and other requirements cited in applicable award terms and conditions;
- Written procedures to minimize the time elapsing between the transfer of Federal funds to any non-federal recipient and subrecipient and the disbursement of the funds for direct program costs and the proportionate share of any allowable indirect or facilities and administrative costs; and
- All grant funds must be obligated (encumbered) by the expiration date of the grant agreement and liquidated within 90 days after the expiration date. Obligation when used in connection with your utilization of funds under an AMS SCBGP award, means the amounts of orders placed for property or services, contracts, and subawards made, and similar transactions during a given period that require payment by you as the recipient during the same or future periods.

You must notify the AMS SCBGP when financial management problems are discovered. Deficiencies in your financial management system, whether you report them or they are identified by the AMS SCBGP may result in the imposition of special award conditions or other increased monitoring by the Federal awarding office.

## 6.2 REQUESTS FOR PAYMENT

[Back to Top](#)

You must submit to AMS a properly completed Form **SF-270, Request for Advance or Reimbursement**. The appropriate organizational representative within the State department of agriculture must sign the SF-270 and submit it to the AMS SCBGP by email or fax. If emailing the form, please scan the signed document and attach it to the email. You may send the SF-270 form by email to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov) or fax to (202) 690-4152; Attn: Specialty Crop Block Grant Program.

For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at [31 CFR part 205](#) “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.

If you are requesting an advance payment, you must request an advance at least quarterly. Advance payment means a payment that AMS SCBGP transfers to a State recipient, not more than three business days prior to the day the State issues or initiates payments to for program or project purposes. Recipients and subrecipients must deposit and maintain advance payments in insured accounts whenever possible. The advance payments must be limited to amounts needed to meet actual and immediate cash needs and the State must minimize the time elapsing between the transfer of funds from the U.S. Treasury and the State’s payout of funds to its subrecipients.

Cash advances made by you to your subrecipient organizations to be paid out for grant program costs must also conform to these timing requirements. If you or your subrecipients cannot meet these timing requirements, you or your subrecipients must request payments on a reimbursement basis. Reimbursable funding means that AMS SCBGP transfer Federal funds to a State recipient after that State has already paid out the funds for SCBGP program or project purposes. Payments made to contractors must be in accordance with the applicable contract provisions.

AMS SCBGP will make payments to you via Electronic Fund Transfer (EFT) to the bank account specified by your organization in [www.sam.gov](http://www.sam.gov). The AMS SCBGP has already obtained your organization’s banking information. If your banking information is not correct or changes at any time prior to the end of your agreement, please update your registration within the System for Award Management at [www.sam.gov](http://www.sam.gov) and notify the AMS SCBGP as soon as possible so the new banking information can be retrieved. This is vital to ensure proper and timely deposit of funds.

You as the pass-through entity must provide your subrecipients with procedures to be followed in providing funding to them, including dollar amount, method and schedule of payment, type of supporting documentation required, and procedures for review and approval of expenditures of grant funds. If funds are advanced, you must include the timing requirement for disbursing the funds for eligible activities and costs.

You must schedule your payment requests so that all grant funds are obligated (encumbered) at the end of the grant agreement and liquidated within 90 days after. You must immediately refund to the AMS SCBGP any unobligated (unencumbered) balance of cash at the end of the grant period.

The AMS SCBGP may terminate your obligation of funds without further cause unless you commence the timely drawdown of funds; initial drawdown must be made within the first year of the grant period.

### 6.3 INTEREST EARNED ON ADVANCES OF GRANT FUNDS

#### [Back to Top](#)

You and your subrecipients are expected to follow sound financial management practices that minimize the potential for excessive Federal cash on hand and to comply with the cash management requirements of [7 CFR part 3016.20](#) and [7 CFR part 3016.21](#). You must remit interest earned by your organization and your subrecipients on Federal advances deposited in interest bearing accounts to the AMS SCBGP promptly, and at least quarterly. You as a State department of agriculture recipient and state, local, and Indian tribal government subrecipients may keep interest amounts up to \$100 per year (based on your fiscal year and the subrecipients’ fiscal year, respectively) for administrative expenses. Colleges, universities, non-profits, and for-profit subrecipients may keep interest amounts up to \$250 per year (based on the subrecipient’s fiscal year) for administrative expenses.

You must make earned interest payments that are due by check payable to the “Agricultural Marketing Service.” The use of express mail or courier services is required because packages sent to AMS through the United States Postal Service may be damaged or delayed due to security procedures at USDA Washington, D.C. headquarters. Send payments by express mail or courier submission to:

Specialty Crop Block Grant Program  
 USDA, Agricultural Marketing Service  
 1400 Independence Avenue, SW  
 Room 4534 – South  
 Washington, DC 20250

## 6.4 PROGRAM INCOME

[Back to Top](#)

Program income is gross income—earned by you or your subrecipients under a grant—directly generated by the grant-supported activity, or earned only because of the grant agreement during the grant period of performance. Program income includes, but is not limited to, income from fees for services performed; the sale of commodities or items fabricated under an award (this includes items sold at cost if the cost of producing the item was funded in whole or partially with grant funds); registration fees for conferences, workshops, etc.

You as the State department of agriculture recipient must retain program income you earn during the grant period of performance and reinvest it into the project or program to further enhance the competitiveness of specialty crops.

You are not accountable for program income earned after the period of grant support.

You as the pass-through entity are responsible for determining how your subrecipients use program income. Uses of program income in accordance with [7 CFR 3019.24](#) or [7 CFR 3016.25](#) must be included in your program announcement or award terms and conditions (See exhibit 3). In the event that you do not specify how your subrecipients must use program income, the deduction alternative will apply. If your subrecipient is other than a Federal agency, royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works is not subject to this section.

### Exhibit 3: Use of Program Income Alternatives

Alternative	Use of program income
Addition	Added to funds committed to the project or program and used to further enhance the competitiveness of specialty crops
Deduction	Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based
Cost Sharing or Matching	Used to satisfy all or part of the non-Federal share of a project or program

## 6.5 COST SHARING AND MATCHING

[Back to Top](#)

Cost sharing or matching refers to the portion of project costs not paid by Federal funds. Under the AMS SCBGP there is no Federal cost-sharing or matching requirement.

You and your subrecipients cannot use costs under Federal awards to meet cost sharing or matching requirements of any other federally financed program.

However, in some cases, you and your subrecipients propose cost sharing or matching contributions as a mechanism to ensure all grant funds will solely enhance the competitiveness of eligible specialty crops. In this situation, you and your subrecipients must keep adequate records to identify and document the specific costs or contributions proposed to meet the cost-share or match, distinguish the source of funding or contributions, and document how you determined the appropriate amount of cost-sharing or match.

## 7.0 AUDIT REQUIREMENTS

### [Back to Top](#)

You and your subrecipients (other than Federal agencies and for-profit recipients) are responsible for obtaining audits in accordance with the audit requirements of [OMB Circular A-133](#) as implemented by USDA at [7 CFR part 3052, "Audit of States, Local Governments, and Non-profit Organizations."](#)

In general, [7 CFR part 3052, "Audit of States, Local Governments, and Non-profit Organizations"](#) requires a State government, local government, or non-profit organization (including institutions of higher education) that expend \$500,000 or more per year under Federal grants, cooperative agreements, and/or procurement contracts to have an annual audit by a public accountant or a Federal, State, or local governmental audit organization. The audit must meet the standards specified in Generally Accepted Government Auditing Standards (GAGAS). You and your subrecipients must follow a systematic method for ensuring timely and appropriate resolution of audit findings and recommendations, whether discovered because of a Federal audit or an audit you initiated as the pass-through entity.

You as the recipient are accountable for conducting and submitting an annual financial audit of the expenditures of all AMS SCBGP funds. This requirement must be fulfilled by the Single Audit Act or a Program-Specific Audit in accordance with [7 CFR part 3052, "Audit of States, Local Governments, and Non-profit Organizations."](#)

You must submit your most recent Single Audit to the AMS SCBGP 30 days after completion of the audit. If you do not submit your Single Audit, you must conduct a Program Specific Audit following GAGAS within 60 days after the end date of your grant agreement. You must submit the audit results to the AMS SCBGP no later than 30 days after completion of the audit to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov). A link to the audit report or an electronic version of the audit report is acceptable.

You as the pass-through entity are responsible for ensuring your subrecipients meet the requirements of [OMB Circular A-133](#) as implemented by USDA at [7 CFR part 3052, "Audit of States, Local Governments, and Non-profit Organizations."](#) See [13.0 Subawards](#) and [14.0 Monitoring](#) for further information for methods to ensure compliance by State government, local government, or non-profit organization (including institutions of higher education) subrecipients. Since OMB Circular A-133 does not apply to for-profit organizations, you as the pass-through entity are responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. Your subgrant agreement with a for-profit subrecipient should describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for AMS SCBGP awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.

## 8.0 CHANGES REQUIRING PRIOR APPROVAL

[Back to Top](#)

The AMS SCBGP anticipates that you may need to modify your award budget or other aspects of your approved projects during performance to accomplish the award's programmatic objectives. In general, you have a certain degree of latitude to re-budget within and between budget categories to meet unanticipated needs and to make other types of post-award changes. In some cases, you are required to request prior written approval from the AMS SCBGP. Prior approval means that you must request and obtain approval from the AMS SCBGP **in advance** of the change or obligation of funds. You may contact the AMS SCBGP if you have questions about the need for prior approval for an activity or cost under a specific project.

You should ensure your subawards include procedures your subrecipients must follow for submitting project changes that require prior approval, including the content of the amendment request, that at a minimum meet AMS SCBGP prior approval requirements.

## 8.1 AMS SCBGP PRIOR APPROVALS

[Back to Top](#)

**The following items require a written notification via email.**

---

### CHANGE IN RECIPIENT PROJECT COORDINATOR

When it is necessary to change the State department of agriculture Recipient Project Coordinator for the AMS SCBGP for a period of more than three consecutive months, you must submit a written notification (email is acceptable) to the AMS SCBGP. The notification must contain the new individual's name and contact information.

---

### CHANGE IN SUBRECIPIENT/PROJECT PARTNER

When a subrecipient/project partner changes or plans to relinquish active direction of the project for a period of more than three consecutive months, you must submit a written notification (email is acceptable) to the AMS SCBGP. The notification must contain the new subrecipient organization or name as well as the approved project title and SCBGP grant agreement number affected.

**The following items require a written request, including the signature of the Recipient Project Coordinator and the Federal Agency Project Manager before proceeding with the change. AMS SCBGP will accept a copy of the most recent approved project proposal that includes the highlighted changes (i.e. strikeouts, highlights, different colored fonts) along with a cover letter describing the justification for the change. Please submit the amendment via email or a faxed document with a signature.**

---

### CHANGE IN SCOPE OR OBJECTIVES

When it is necessary to modify the project purpose, expected measurable outcomes, or substantially change the proposed work plan activities of an award, you must submit a written justification for the change and include:

- 1) The SCBGP grant agreement number affected by the change(s);
- 2) The approved project title(s) affected by the change(s);
- 3) A description of the revised scope or objectives of the award; and
- 4) Signature of the Recipient Project Coordinator.

If requesting to discontinue all or a portion of a project in order to add a new project, a written justification for the change must be submitted that contains a new project proposal that follows the guidance in the [Project Profile Template](#) to include:

- 1) Project Title;
- 2) Project Partner;
- 3) Project Abstract;
- 4) Project Purpose;
- 5) Potential Impact;
- 6) Expected Measurable Outcomes;
- 7) Work Plan;
- 8) Project Commitment;
- 9) Budget Narrative; and
- 10) Signature of the Recipient Project Coordinator.

---

### NO-COST EXTENSION OF TIME

Where a no-cost extension of time is required, you must submit an extension request in writing no later than 60 days prior to the end date of your grant agreement. The request must contain:

- 1) The SCBGP grant agreement number(s) affected by the change;
- 2) The length of additional time required to complete project objectives and a justification for the extension
- 3) A summary of progress to date (status of project timeline and objectives...etc.);
- 4) An estimate of remaining funds on the scheduled expiration date;
- 5) A projected timetable to complete the project for which the extension is being requested; and
- 6) Signature of the Recipient Project Coordinator.

Note: All awards are limited to 3 calendar years in duration from the start date of the grant agreement.

---

### BUDGET CHANGE

AMS SCBGP must approve a budget change in writing when the cumulative amount of a transfer among separately budgeted projects within the approved State Plan and amendments equals or exceeds 20 percent (20%) of the budget of any project. Your request for a budget change must include:

- 1) The SCBGP grant agreement number(s) affected by the change;
- 2) The approved project title(s) affected by the change;
- 3) A justification for the change;
- 4) A description of the change that includes a comparison between the most recently approved budget and the proposed budget as well as an updated budget narrative of the affected cost categories; and
- 5) Signature of the Recipient Project Coordinator.

Note that if the cumulative amount of the allowable budget change is less than 20 percent (20%) prior SCBGP approval is not required.

---

### SPECIAL PURPOSE EQUIPMENT

AMS SCBGP must approve in writing costs associated with expenditures for special purpose equipment with a unit cost of \$5,000 or more. Such a request may be included in a budget or scope change request indicated above or submitted separately and must include:

- 1) The SCBGP grant agreement number for which the special purpose equipment will be purchased;
- 2) The approved project title(s) for which the special purpose equipment will be purchased;
- 3) A detailed description of the equipment ;
- 4) A justification for the purchase of the equipment, including how it will further the objectives of the project and benefit the specialty crop industry, rather than one individual or organization;
- 5) A description of how the equipment will be used to solely enhance the competitiveness of specialty crops;
- 6) Equipment pricing information; and
- 7) Signature of the Recipient Project Coordinator.

---

## FOREIGN TRAVEL AND TRAVEL COSTS OF GOVERNMENT OFFICIALS

AMS SCBGP must approve in writing all foreign travel and each separate domestic or foreign trip involving a government official's travel costs. For the purposes of this provision, Government officials are defined as individuals representing the Office of the Governor of a State, the chief executive of a political subdivision, or the chief executive of federally-recognized Indian tribal government; members of the state legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., and the judiciary branch of a government. For the purposes of this provision, "foreign travel" includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions. An applicant with a proposal that involves foreign market development must determine if the project is more appropriate for grant programs administered by the Foreign Agricultural Service or funded through the State-Regional Trade Groups. AMS SCBGP recommends that applicants search the Foreign Agricultural Service database of GAIN reports (<http://gain.fas.usda.gov/Pages/Default.aspx>) to ensure that proposals will not duplicate activities that already receive funds. A foreign travel and/or government official travel modification request may be included in a budget or scope change request indicated above or submitted separately and must include:

- 1) The SCBGP grant agreement number with which the travel is associated;
- 2) The approved project title(s) for the project with which the travel is associated;
- 3) A description of the purpose of trip, including an explanation of how the trip will further the objectives of the project, benefit the specialty crop industry, and solely enhance the competitiveness of specialty crops;
- 4) Number of people traveling;
- 5) Title(s) of Government officials traveling and their specific role during the trip and how their participation supports the overall purpose of the trip, if applicable
- 6) Number of days traveling;
- 7) Estimated airfare costs;
- 8) Estimated ground transportation costs;
- 9) Estimated lodging and meals costs;
- 10) Estimated mileage rate and costs for the travel;
- 11) An estimated breakdown of any other travel-related costs; and
- 12) Signature of the Recipient Project Coordinator.

## 8.2 WAIVER OF PRIOR APPROVALS

[Back to Top](#)

The AMS SCBGP waives certain direct cost-related and other prior-approval requirements and provides authority for the recipient to undertake these activities and expenditures without the need for AMS SCBGP prior approval. These operating authorities are termed “expanded authorities.” A summary of the expanded authorities and exceptions are included in Exhibit 4.

**Exhibit 4: Summary of Expanded Authorities**

May exercise as expanded authority	Except
<b>Budget changes that result in cumulative transfers among direct cost categories</b>	If the transfer would result in a scope, budget, special purpose equipment, foreign travel or travel costs of government officials change that requires prior approval.
<b>Transfer of funds allotted for training allowances (e.g., from direct payments to trainees to other expense categories).</b>	If the transfer would result in a scope or budget change that requires prior approval.
<b>In research projects, a change in the project director or principal investigator.</b>	If the subrecipient organization changes.
<b>Contracting out or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the award.</b>	If the transfer would result in a scope or budget change that requires prior approval or if the contractor’s hourly rate will exceed the GS15, step 10 salary rate.

**9.0 NATIONAL POLICY REQUIREMENTS**

[Back to Top](#)

This section addresses national policy requirements applicable to AMS SCBGP applications and/or awards. These requirements are in addition to the pre-award requirements specified in the AMS SCBGP Request for Applications. The term “national policy” indicates that the requirement is based on social, economic, or other objectives or considerations that may be attached to the expenditure of Federal funds by recipients, subrecipients, or contractors under grants, in general, or may relate to the expenditure of Federal funds for specified activities, e.g., research.

Once a grant is awarded, you as the pass-through entity are responsible for establishing and maintaining the necessary processes to monitor your organization’s compliance and employees, your subrecipients and contractors under the grant with these requirements; taking appropriate action to meet the stated objectives; and informing the AMS SCBGP of any problems or concerns. If a grant is awarded on the basis of false or misrepresented information, or if you or your subrecipients or contractors do not comply with these public policy requirements, the AMS SCBGP office may take any necessary and appropriate action. See Exhibit 5 for applicable national policy requirements.

**Exhibit 5: National Policy Requirements**

Title	Requirement
<b>Debarment and Suspension</b>	Organizations or individuals that are suspended, debarred, declared ineligible, or voluntarily excluded from eligibility for

covered transactions by any Federal department or agency cannot, during the period of suspension, debarment, or exclusion, receive USDA grants or be paid from USDA grant funds, whether under a an award, subaward, or contract. Charges made to the AMS SCBGP for such individuals (e.g., salary) are unallowable. Regulations published in [2 CFR part 180](#), as adopted and supplemented by USDA at [2 CFR part 417](#); describe the government-wide debarment and suspension requirements.

You are required to disclose if any of the following conditions apply to you or your principals<sup>2</sup>, including the Recipient (State department of agriculture) Project Coordinator and other key grant management personnel:

- Within the 3-year period preceding the application, the applicant or its principals have been convicted of, or had a civil judgment rendered against them, for:
  - fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction;
  - violation of a Federal or State antitrust statute;
  - embezzlement, theft, forgery, bribery, falsification, or destruction of records; or
  - false statements or receipt of stolen property.
- The applicant or its principals are presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated above.
- Within a 3-year period preceding the application, the applicant or its principals had any public transaction (Federal, State, or local) terminated for cause or default.

A variety of “lower-tier” covered transactions are also subject to these requirements. Contracts (including individual consultants) under grants (where the contract requires the provision of goods or services that will equal or exceed \$25,000) and all subawards also are subject to these suspension and debarment rules. You are required to comply with the requirements of [Subpart C of 2 CFR part 180](#) that provides your responsibilities when you enter into a lower-tier transaction as described above.

For each “lower tier” covered transaction, you must add a clause

---

<sup>2</sup> *Principal* means (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) Is in a position to handle Federal funds; (2) Is in a position to influence or control the use of those funds; or (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction.

	or condition to each subaward indicating the intent of the subrecipient to comply with this requirement.
<b>Drug-free workplace</b>	The Drug-Free Workplace Act of 1988 (41 U.S.C. § 8102 et seq.) requires that all organizations receiving grants from any Federal agency agree to maintain a drug-free workplace. You must provide a drug-free workplace and will comply with the requirement to notify AMS SCBGP if an employee is convicted of violating a criminal drug statute. Failure to comply with these requirements may be cause for debarment. Government wide requirements for Drug-Free Workplace for Financial Assistance are found in 2 CFR part 182; USDA implementing regulations are set forth in 2 CFR part 421. All State departments of agriculture recipients of the AMS SCBGP grant funds must comply with the requirements in <a href="#">Subpart B of 2 CFR part 421</a> .
<b>Lobbying</b>	<p>You must comply with <a href="#">31 U.S.C. 1352</a>, “Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions,” from using appropriated Federal funds to pay any person for influencing or attempting to influence any officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, extension, continuation, renewal, amendment, or modification of any of these instruments. These requirements are implemented for USDA in <a href="#">7 CFR part 3018</a>, which also describes types of activities, such as legislative liaison activities and professional and technical services that are not subject to this prohibition.</p> <p>By accepting an award, AMS SCBGP applicants with total costs expected to exceed \$100,000 certify that they:</p> <ul style="list-style-type: none"> <li>• have not made, and will not make, such a prohibited payment;</li> <li>• will be responsible for reporting the use of non-appropriated funds for such purposes;</li> <li>• will file quarterly updates about the use of lobbyists if material changes occur; and</li> <li>• will include these requirements in subawards, and contracts under grants that will exceed \$100,000 and will obtain necessary certifications from those participants and contractors.</li> </ul> <p>An SF-LLL “<a href="#">Disclosure of Lobbying Activities</a>” is required for each payment made to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the award.</p>
<b>Officials not to benefit</b>	You must comply with the requirement that no member of Congress must be admitted to any share or part of this agreement, or to any benefit arising from it, in accordance with <a href="#">41 U.S.C. 22</a> .
<b>Trafficking</b>	You must comply with <a href="#">2 CFR part 175</a> , <a href="#">Award Term for Trafficking in Persons</a> and include the award term in your

	subawards indicating the intent of the subrecipient to comply with this requirement.
<b>System for Award Management and Universal Identifier Requirements (DUNS Number)</b>	<p>You must comply with <a href="#">2 CFR part 25, System for Award Management and Universal Identifier Requirements</a>. See <a href="#">Appendix A to part 25 – Award Term</a> for Central Contractor Registration and Universal Identifier Requirements.</p> <p>You must notify your potential subrecipients, with the exception of individuals, that they may not receive a subaward unless the entity has provided its DUNS number to you. You may not make a subaward to an entity unless the entity has provided its DUNS number to you.</p>
<b>Reporting Subaward and Executive Compensation</b>	You must comply with <a href="#">2 CFR part 170, Reporting Subaward and Executive Compensation Information</a> . See <a href="#">Appendix A to part 170 – Award Term</a> for Reporting Subawards and Executive Compensation requirements.

## 10.0 PROPERTY MANAGEMENT

[Back to Top](#)

Title to special purpose equipment and supplies acquired by you or your subrecipient will vest, upon acquisition, in you or your subrecipient, respectively. You and your subrecipients must provide the equivalent insurance coverage for equipment acquired with Federal funds.

State recipients will use, manage, and dispose of special purpose equipment acquired under a grant in accordance with State laws and procedures.

All other subrecipients are subject to the full range of acquisition, use, management, and disposition requirements of [7 CFR parts 3019.34 and 3019.35](#) or [7 CFR part 3016.32 and 3016.33](#) as applicable. Your subrecipients must meet the following property management standards for equipment acquired under a grant:

- Use the equipment for the authorized purposes of the project until funding for the project ceases, or until no longer needed for the purposes of the project
- Must not encumber the equipment without prior approval of the USDA, SCBGP
- When the equipment is no longer needed for the original program or project, the equipment may be used in other activities supported by a Federal agency, in the following order of priority: (i) activities under a Federal award from the Federal awarding agency that funded the original projects; then (ii) activities under Federal awards from other Federal awarding agencies
- Must make the equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired
- Must not use equipment or supplies acquired with grant funds to provide services for a fee that is less than private companies charge for equivalent services and use fees in accordance with [program income](#) requirements
- May use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of replacement equipment
- Maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date,

and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property

- Take a physical inventory of the equipment, at least once every two years, and reconcile the results with the property records
- Develop control procedures and safeguards to prevent loss, damage, and theft
- Develop adequate maintenance procedures to keep the equipment in good condition
- Establish proper sales procedures when the subrecipient is authorized to sell the equipment to ensure highest rate of return

You and your subrecipients must obtain prior approval from the AMS SCBGP in advance for the acquisition of special purpose equipment. See *8.0 Changes Requiring Prior Approval*.

## 10.1 DISPOSITION OF EQUIPMENT AND SUPPLIES

### [Back to Top](#)

If the special purpose equipment has a per-unit fair market value of less than \$5,000, and the equipment is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, the subrecipient may retain, sell, or dispose of equipment with no further obligation to the AMS SCBGP.

If the special purpose equipment or supplies has a per-unit fair market value of \$5,000 or more, and the equipment or supplies is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, the subrecipient may retain the equipment and supplies or they may be sold. In this case, you as the pass-through entity must prepare the following. Complete a **Tangible Personal Property Report Disposition Request/Report (SF-428-C)** and **Supplemental Sheet (SF-428-S)** and submit it to the AMS SCBGP as a written disposition request/report.

The AMS SCBGP will review the request and provide you with disposition instructions for the special purpose equipment and/or supplies. The disposition instructions will notify you that AMS SCBGP is entitled to an amount calculated by multiplying the current market value or proceeds from sale of the equipment and/or supplies by AMS SCBGP's percentage of participation in the cost of the original purchase. If the equipment and/or supplies is sold, AMS SCBGP will permit the subrecipient to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. You are responsible for ensuring that your subrecipient disposes the equipment and/or supplies in accordance with the AMS SCBGP disposition instructions.

## 11.0 INVENTIONS AND PATENTS

### [Back to Top](#)

If the outcomes of experimental, developmental, or research work funded in whole or in part by the AMS SCBGP under a grant, contract, or cooperative agreement result in inventions, the provisions of the Bayh-Dole Act and the Technology Transfer Commercialization Act of 2000, as implemented in [37 CFR part 401](#) apply.

The regulations apply to any subject invention—defined as any invention either conceived of or first actually reduced to practice in the performance of work under the Federal award—and to all types of recipients a of Federal funding. This includes nonprofit entities and small businesses or large businesses receiving funding through grants, cooperative agreements, or contracts as direct recipients of funds or as subrecipients or subcontractors under those awards. The term invention means any invention or discovery which is or may be

patentable or otherwise protectable under [Title 35 of the United States Code](#), or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act ([7 U.S.C. 2321 et seq.](#)).

Your subrecipients and contractors may retain title to any invention conceived of or first actually reduced to practice using AMS SCBGP funds provided they do the following:

- Report all subject inventions to AMS SCBGP, through you as the pass-through entity
- Make efforts to commercialize the subject invention through patent or licensing
- Formally acknowledge the Federal government's support in all patents that arise from the subject invention
- Formally grant the Federal government a limited use license to the subject invention

Subawards and contracts under an award must reflect the objectives of the Bayh-Dole Act and the Technology Transfer Commercialization Act of 2000, as implemented in [37 CFR part 401](#), to ensure that inventions made are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery.

In general, subrecipients and contractors own the rights to data resulting from a grant-supported project. Any publications, data, or other copyrightable works developed under an AMS SCBGP grant may be copyrighted without prior approval from AMS SCBGP. In all cases, whether AMS SCBGP funded all or part of the project or program resulting in the data, the Federal government must be given a royalty-free, nonexclusive, and irrevocable license for the Federal government to reproduce, publish, or otherwise use the material and to authorize others to do so for Federal purposes.

The subrecipient and contractor has no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.

## 12.0 PROCUREMENT MANAGEMENT

### [Back to Top](#)

You and your subrecipients may acquire a variety of commercially available goods or services in connection with a grant-supported project or program. State recipients must follow the same policies and procedures the state uses for procurements from non-Federal funds and ensure that every purchase order or other contract includes the required contract provisions at [3016.36\(i\)](#).

All other subrecipients must use their own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards in [7 CFR part 3019.40 through 48](#) or [3016.36](#), as applicable. A contract under a grant must be a written agreement between the subrecipient and the third party. The contract must, as appropriate, state:

- the activities to be performed;
- the time schedule;
- the policies and requirements that apply to the contractor, including those required by [7 CFR part 3019.48](#) or [3016.36\(i\)](#) and other terms and conditions of the grant (these may be incorporated by reference where feasible);
- the maximum amount of money for which the subrecipient may become liable to the third party under the agreement;
- and the cost principles to be used in determining allowable costs in the case of cost-type contracts.

The contract must not affect the subrecipient's overall responsibility for the direction of the project or program and accountability to you as the pass-through entity. Therefore, the contract must reserve sufficient rights and control to the subrecipient to enable it to fulfill its responsibilities.

## 13.0 SUBAWARDS

### [Back to Top](#)

You are accountable to the AMS SCBGP for the performance of the project and the appropriate expenditure of grant funds by all parties. In general, the requirements that apply to you as the State department of agriculture recipient of the award, also apply to your subrecipients. You are responsible for including the applicable requirements of the AMS SCBGP award terms and conditions in your subaward agreements.

You must enter into a formal written agreement with each subrecipient that addresses the arrangements for meeting the programmatic, administrative, financial, and reporting requirements of the grant, including those necessary to ensure compliance with all applicable Federal regulations and policies. At a minimum, your subaward agreement must include the following:

- Federal Award Information to include:
  - Federal Award Identification (Name of grant program)
  - Subrecipient name (which must match registered name in Data Universal Numbering System (DUNS))
  - Subrecipient's DUNS number (see [DUNS number](#);
  - Federal Award Identification Number (grant agreement number)
  - Federal award date (date the Authorized Federal Agency Representative signed the grant agreement with the State department of agriculture)
  - Period of performance start and end date of the subaward
  - Amount of Federal funds obligated to the subaward
  - Total amount of Federal funds obligated to the subrecipient
  - Total Federal award amount
  - Federal award project description, as required to be responsive to the [Federal Funding Accountability and Transparency Act \(FFATA\)](#)
  - Name of the Federal awarding agency (U.S. Department of Agriculture, Agricultural Marketing Service); pass-through entity, and contact for awarding official
  - Catalog of Federal Domestic Assistance number and name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement
  - Identification of whether or not the award supports R&D. R&D means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes
  - Approved indirect cost rate

- Identification of the individuals responsible for the programmatic activity at the subrecipient organization along with their roles and responsibilities
- Reference to approved project proposal activities and budget
- A provision to comply with the applicable grant uniform administrative requirements based on the subrecipients organization type (See **4.0 Administration of Grants**)
- If different from those of the State department of agriculture recipient, a determination of policies to be followed in such areas as:
  - Contractors (see restrictions on **Contractual** costs and the policies and requirements that apply to contractors at **12.0 Procurement Management**)
  - Consultants (see documentation standards for **Consultants**)
  - Travel reimbursement (see allowable **Travel** costs)
  - Salaries and fringe benefits (see documentation standards for **Salaries, Wages**)

The subrecipient may use its own policies as long as they meet AMS SCBGP requirements.

- Provisions regarding the option to include an acknowledgement of Federal support and a disclaimer on all publications, printed materials, and audiovisuals (See **Audiovisual Activities** and **Publication and Printing Costs**)
- Procedures to be followed in providing funding to the subrecipient, including dollar amount, method and schedule of payment, type of supporting documentation required, and procedures for review and approval of expenditures of grant funds. If funds are advanced, include the timing requirement for disbursing the funds for eligible activities and costs (See **6.2 Requests for Payment** and **6.3 Interest Earned on Advances of Grant Funds**)
- **Provisions regarding use of program income** (See **6.4 Program Income**)
- A provision to comply with the audit requirements of OMB Circular A-133 as implemented by USDA at 7 CFR part 3052, “Audit of States, Local Governments, and Non-profit Organizations (See **7.0 Audit Requirements**)
- Procedures to be followed for submitting project changes that require prior approval, including the content of the amendment request that at a minimum meet AMS SCBGP requirements (See **8.0 Changes Requiring Prior Approval**)
- Incorporation of applicable national policy requirements and provisions indicating the intent of the subrecipient to comply, including submission of applicable assurances and certifications (See **9.0 National Policy Requirements**)
- Provisions regarding use, maintenance, disposition, and reporting of special purpose equipment (See **10.0 Property Management** and **Tangible Personal Property Report**)
- Provisions reflecting the objectives of the Bayh-Dole Act and the Technology Transfer Commercialization Act of 2000, as implemented in 37 CFR Part 401, to ensure that inventions made are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery (See **11.0 Inventions and Patents**)
- Procedures to be followed for submitting performance reports and applicable financial reports during the life of the grant and at close out, including report due dates and the content of the

reports that at a minimum meet AMS SCBGP report requirements (See [15.0 Reporting Requirements](#) and [17.0 Closeout](#))

- Provisions for record retention requirements and a requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements (See [20.0 Record Retention and Access Requirements](#))
- Appropriate terms and conditions concerning closeout of the subaward (see [17.0 Closeout](#))

## 14.0 MONITORING

[Back to Top](#)

### 14.1 BY THE STATE DEPARTMENT OF AGRICULTURE

You are responsible for monitoring the activities of your subrecipients as necessary to ensure that Federal subawards are used for authorized purposes, in compliance with Federal statute, regulations, and the terms and conditions of the subawards; and that subaward performance goals and outcomes are achieved.

You must evaluate the risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward for the purposes of determining the appropriate subrecipient monitoring considering such factors as:

- Prior experience with the same or similar subawards
- Whether the subrecipient has new personnel or new or substantially changed systems
- Quality of reports, amendments, project performance (project is significantly behind schedule or goals and outcomes are not being met)
- Major changes in the project scope or project budget
- The amount of the award and/or the number of awards being currently managed by the subrecipient
- Timeliness of responses to scheduled reporting (performance and financial), requests for information, and/or subaward revisions
- Complexity of project (i.e. subrecipient is purchasing special purpose equipment; generating program income; or traveling out of the local area)
- Subaward budget and activities have the potential to benefit non-specialty crops and/or have an increased risk of potentially funding unallowable activities
- Subaward involves more than one partner or subcontractor
- Large unexpended balance of funds
- Results of previous audits and/or site visits

Your monitoring of subrecipients must include:

- Reviewing required financial and programmatic reports and performing other procedures necessary to ensure proper accountability and compliance with program requirements and achievement of performance goals and outcomes of the award;
- Ensuring all costs are allowable, reasonable, and allocable to the award by reviewing source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contracts, etc. or by other means;
- Following-up and ensuring that subrecipients take timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means; and

- Issuing a management decision on any audit findings pertaining to the SCBGP within 6 months after receipt of a subrecipient's audit report in accordance with [7 CFR part 3052.400\(d\)](#). Management decision means your evaluation of the subrecipient's audit findings and corrective action plan and your issuance of a written decision as to what corrective action is necessary.

Depending on your assessment of risk posed by the subrecipient, the following monitoring tools may be useful:

- Providing subrecipients with training and technical assistance on program-related matters;
- Performing on-site or desk reviews of subrecipients' program operations;
- Arranging for agreed-upon procedures to verify that all costs are allowable, reasonable, and allocable to the award;
- Verifying that every subrecipient is audited as required by [OMB Circular A-133](#) as implemented by USDA at [7 CFR part 3052](#), "Audit of States, Local Governments, and Non-profit Organizations" when it is expected that the subrecipient's total Federal awards expended during the respective fiscal year equaled or exceeded \$500,000;
- Considering whether the results of subrecipient audits and on-site reviews necessitate adjustments to your records; and/or
- Considering taking enforcement action against noncompliant subrecipients as described in [16.0 Remedies for Non-Compliance](#).

## 14.2 BY THE FEDERAL AWARDING AGENCY

To fulfill its role concerning the stewardship of Federal funds, AMS SCBGP monitors its grants to ensure expenditures conform to cost policies and to identify potential problems and areas where technical assistance might be necessary. AMS SCBGP accomplishes this active monitoring through review of performance reports prior approval requests, and audit reports, correspondence with the recipient through telephone calls and emails, desk reviews, and site visits. To the extent possible, AMS SCBGP will make all site visits and desk reviews at mutually acceptable intervals and will be timed to avoid disruption to the program work and to your programs and personnel.

Monitoring of a project or activity will continue for as long as the AMS SCBGP retains a financial interest in the project or activity because of property accountability, audit, and other requirements that may continue for a period after the grant is administratively closed out and the AMS SCBGP is no longer providing active grant support.

## 15.0 REPORTING REQUIREMENTS

### 15.1 PERFORMANCE REPORTS

[Back to Top](#)

You as the pass through entity must submit Annual Performance Reports within 90 calendar days after the award anniversary date (i.e. one year following the month and day on which the grant agreement period of performance begins and each year thereafter up until a Final Performance Report is required). In addition, you must submit a Final Performance Report within 90 days following the end date of the grant agreement.

An Annual Performance Report must cover a one-year period. Annual Performance Reports must illustrate the progress made toward the completion of each project within the grant agreement. If a project is completed, you and your subrecipients may submit a Final Performance Report in your Annual Performance Report. You must submit that accepted Final Performance Report in each subsequent Annual Performance

Report and in the Final Performance Report. Once AMS SCBGP reviews and accepts the Final Performance Report, you or your subrecipients should not make changes to the project report in subsequent report submissions.

The AMS SCBGP will post the Final Performance Report on the AMS SCBGP website to share project findings with Federal and State agencies and the public. Final Performance Reports must illustrate the completion of the activities and outcomes associated with each project and should be free of grammatical and spelling errors.

Performance reports should not include language that disparages the mission, goals and/or actions of another organization or individual or include protected personally identifiable information (Protected PII). Protected PII means an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts, etc.

The form/format to be used and the information to be included in the performance report are specified in the in the Sample Performance Report and Checklists at [www.ams.usda.gov/scbgp](http://www.ams.usda.gov/scbgp). The AMS SCBGP accepts all reports via email to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov).

Upon receipt of each performance report, the AMS SCBGP will confirm receipt of the report, review the report, and communicate with the State department of agriculture Recipient Project Coordinator should there be any questions or concerns. The Recipient Project Coordinator will have the opportunity to revise the report to address the questions and concerns. Annual and Final Performance Reports that are accepted will become part of the official grant file.

## 15.2 REVIEW OF PERFORMANCE REPORTS

[Back to Top](#)

The AMS SCBGP will review performance reports to ensure the reports meet the required criteria (see [Performance Report Checklists](#)) and the report indicates substantial progress toward meeting the project goals and measurable outcomes.

The AMS SCBGP office will notify the Recipient Project Coordinator on matters involving performance reports if additional information is required after the initial review of the report. You as the pass through entity should ensure that your subrecipients are aware that after AMS SCBGP reviews their performance report, that additional information may be required from them.

The Recipient Project Coordinator is responsible for adequately addressing all comments and questions from the AMS SCBGP prior to sending the AMS SCBGP the revised performance report. This will help facilitate the acceptance of the report and reduce the number of revisions.

## 15.3 OVERDUE REPORTS

[Back to Top](#)

If you fail to submit required reports within the time allowed, this may result in suspension or termination of an active grant, or other enforcement actions, including withholding of payments. Continued failure to submit required reports may result in the imposition of special award provisions or result in you not obtaining funding for a specified amount of time.

If you cannot meet the report submission due date, you must provide an acceptable justification regarding the late submission of a report to the AMS SCBGP and request a new due date. AMS SCBGP will review your request and respond accordingly. If you fail to contact the AMS SCBGP about late report submissions, enforcement actions described above may be taken with regard to the delinquency.

## 16.0 REMEDIES FOR NON-COMPLIANCE

### [Back to Top](#)

Your failure to comply with the terms and conditions of an award may cause the AMS SCBGP to take one or more remedies for non-compliance, depending on the severity and duration of the non-compliance. The AMS SCBGP will undertake any such action in accordance with applicable statutes, regulations, and policies. The AMS SCBGP generally will afford you an opportunity to correct the deficiencies before taking enforcement action unless public health or welfare concerns require immediate action. However, even if you are taking corrective action, the AMS SCBGP may take proactive steps to protect the Federal government's interests, including placing special conditions on awards in accordance with [7 CFR part 3016.12](#) such as requiring more frequent reporting or requiring the recipient to obtain technical or management assistance. The AMS SCBGP also may withdraw approval of the Recipient Project Coordinator if there is a reasonable basis to conclude that they are no longer qualified or competent to perform. In that case, the AMS SCBGP may request that you designate a new Recipient Project Coordinator or other key personnel.

When the special conditions are imposed, the AMS SCBGP will notify you of the nature of the additional requirements, the reason why they are being imposed, the type of corrective action needed to remove the additional requirement, the time allowed for completing corrective actions, and the method for requesting reconsideration of the additional requirements imposed. AMS SCBGP will promptly remove any additional requirements once you correct the conditions that prompted them.

The decision to modify the terms of an award—by imposing special conditions, by withdrawing approval of the Recipient Project Coordinator or other key personnel, or otherwise—is discretionary on the part of the AMS SCBGP and not subject to appeal.

You as the pass-through entity may also impose specific award conditions on your subawards if a subrecipient fails to comply with the terms and conditions of a Federal award. If AMS SCBGP or the pass-through entity determines that noncompliance by a recipient or subrecipient, respectively, cannot be remedied by imposing specific conditions, AMS SCBGP or the pass-through entity may take one of more of the remedies for noncompliance at [7 CFR part 3016.43](#) or [3019.62](#).

### 16.1 WITHHOLD PAYMENTS

The AMS SCBGP may temporarily withhold cash payments pending correction of the deficiency by the recipient. This decision is discretionary on the part of the AMS SCBGP and not subject to appeal.

### 16.2 DISALLOW COSTS

The AMS SCBGP may disallow (that is, deny use of funds) for all or part of the cost of the activity or action not in compliance. The recipient may appeal this decision as described in [19.0 Appeals](#) of this document.

### 16.3 WITHHOLDING OF SUPPORT

### [Back to Top](#)

The AMS SCBGP may decide not to make an award within the current award cycle for one or more of the following reasons:

- A recipient failed to meet the terms and conditions of a previous award;
- A recipient failed to submit an application by the published application deadline; and/or
- For whatever reason, continued funding would not be in the best interests of the Federal government.

If an award is withheld (denied) because a recipient failed to comply with the terms and conditions of a previous award, the recipient may appeal that determination, by submitting a written request to AMS SCBGP per **19.0 Appeals** of this document.

Depending on the nature of the deficiency, AMS SCBGP also may temporarily withhold payment pending correction of the deficiency.

## 16.4 SUSPENSION OR TERMINATION

[Back to Top](#)

The regulatory procedures that pertain to suspension and termination are specified in 7 CFR part **3016.43** and **3016.44** and **3019.61**.

The AMS SCBGP generally will suspend (rather than immediately terminate) a grant and allow the recipient an opportunity to take appropriate corrective action before making a termination decision. The AMS SCBGP may decide to terminate the grant if the recipient does not take appropriate corrective action during the period of suspension. The AMS SCBGP may terminate—without first suspending—the grant if the deficiency is so serious as to warrant immediate termination or if public health or welfare concerns require immediate action.

AMS SCBGP will provide the recipient a notice of termination. If the Federal award is terminated for the recipient's failure to comply with the Federal statutes, regulations, or terms and conditions of the Federal award, the notification will state that the termination decision may be considered in evaluating future applications received from the recipient. The recipient may appeal the termination for cause decision as described in **19.0 Appeals** of this document.

The AMS SCBGP may terminate, partially or totally, a grant award with the consent of the recipient, in which the two parties must agree upon the termination conditions, including the effective date, and in case of partial termination, the portion to be terminated.

The recipient may terminate the award by sending a written notification to the AMS SCBGP with the reasons for the termination, the effective date, and in the case of partial termination, the portion to be terminated. If the recipient decides to terminate a portion of a grant award, the AMS SCBGP may determine that the remaining portion of the grant award will not accomplish the purposes for which the grant award was originally awarded. In any such case, the AMS SCBGP will advise the recipient of the possibility of termination of the entire grant award and the recipient will be allowed to withdraw its termination request. If the recipient does not withdraw its request for partial termination, the AMS SCBGP may initiate procedures to terminate the entire grant award for cause.

When an SCBGP award is terminated or partially terminated, the pass-through entity is responsible for compliance with the requirements in **17.0 Closeout** and **17.3 Post Closeout Continuing Responsibilities**.

*See Termination and Suspension* for the allowability of termination costs. Allowability of these costs does not vary whether AMS SCBGP terminates a grant for cause; the recipient requests termination, or terminates by mutual agreement.

Other options available to the AMS SCBGP include suspension or debarment under [2 CFR part 180](#). Suspension under [2 CFR part 180](#) is a distinct action from “suspension” described above in conjunction with termination.

## 17.0 CLOSEOUT

[Back to Top](#)

Award closeout is the process by which you as the pass-through entity and AMS SCBGP determine that all required work of the award and all necessary administrative actions have been completed. All awards and any subawards must be closed out as soon as possible after the end date of the grant agreement, but not later than one year after receipt and acceptance of all required final reports. While you may use your own policies and procedures in closing out awards made to your subrecipients, the following must govern the closeout of your award with AMS SCBGP.

The AMS SCBGP will close out a grant as soon as possible after expiration, if the grant will not be extended, or after termination, as provided in [7 CFR part 3016.50](#). Closeout includes ensuring timely submission of all required reports and adjustments for amounts due to you as the pass-through entity or the AMS SCBGP.

Unless the AMS SCBGP grants an extension, you must submit the documents described in the Closeout Checklist section. Failure to submit timely and accurate final reports may affect your future funding.

### 17.1 CLOSEOUT CHECKLIST

[Back to Top](#)

Recipients must liquidate all obligations incurred under the award not later than 90 calendar days after the grant ending date.

Due to AMS SCBGP within 90 calendar days following the grant ending date:

- 1) Final Performance Report
- 2) Final Payment Request (SF-270), if applicable
- 3) Final SF-425, “Federal Financial Report” and if applicable, promptly refund any balances of unobligated cash
- 4) Audit Report, if applicable
- 5) Tangible Personal Property Report, if applicable

### 17.2 REQUIRED DOCUMENTS

[Back to Top](#)

---

#### FINAL PERFORMANCE REPORT

You must submit a Final Performance Report within 90 days of the end date of your grant agreement. A Final Performance Report covers the entire grant period of the award. Please note the importance of preparing a well-written Final Performance Report. These reports should NOT contain protected personally identifiable information, proprietary information, or language that disparages the mission, goals, or actions of another organization or individual, as the reports are available to the public at [www.ams.usda.gov/scbgbp](http://www.ams.usda.gov/scbgbp).

When a Final Performance Report is overdue (beyond the 90-day period following the end date of the grant agreement and not covered by an approved extension of the due date for submission of the report), your award will be placed on manual review, which restricts your ability to draw funds. If you need any remaining funding, you must contact the AMS SCBGP and request a drawdown providing AMS SCBGP with justification and documentation to support the drawdown.

The AMS SCBGP accepts Final Performance Reports via email to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov).

---

## FINAL PAYMENT

You must make requests for final payment before the final SF-425 is submitted.

---

## FINAL FEDERAL FINANCIAL REPORT

You must submit a **Federal Financial Report (SF-425)** within 90 days following the end date of the grant agreement or 90 days after the date any grant is terminated. You must liquidate all obligations not later than 90 days after the end date of the grant agreement to coincide with submission of the SF-425. Obligations means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the recipient or subrecipient during the same or future period.

The final SF-425 must cover the entire grant period or as much of the grant period that had been funded before termination. The final SF-425 must not have any unliquidated obligations and must indicate the exact balance of unobligated funds. If there is a balance of unobligated funds, you must return these funds to the AMS SCBGP. You should be aware that there is a difference between unliquidated obligations and unobligated balances. Unliquidated obligations are commitments of the recipient and are considered to be obligations and, therefore, should not be reported as unobligated balances.

You can make payments for unobligated funds payable by check to the “Agricultural Marketing Service.” Because packages sent to AMS through the United States Postal Service may be damaged or delayed due to security procedures at USDA Washington, D.C. headquarters, the use of express mail or courier services is required.

Send payments by Express mail or courier submission to:

Specialty Crop Block Grant Program  
USDA, Agricultural Marketing Service  
1400 Independence Avenue, SW  
Room 4534 – South Building  
Washington, DC 20250-0235

It is your responsibility to reconcile reports submitted to the AMS SCBGP. Reconciliation consists of ensuring that disbursements equal obligations and drawdowns or making any adjustments as necessary, e.g., for an overpayment. AMS SCBGP’s request to return an unobligated balance following expiration or termination of a grant is not considered an adverse action and is not subject to appeal.

Most information blocks on the required forms are either self-explanatory or adequately explained in the instructions. However, you should use the following supplemental instructions associated with specific blocks on form SF-425 for the SCBGP.

- 1) The report must be completed on a single award basis and include expenditures on all projects.
- 2) The cash management information (lines 10(a) through 10(c)) is NOT to be completed.
- 3) The recipient share (lines 10(i) through 10(k)) is NOT to be completed.

- 4) The financial status information (lines 10(d) through 10(h) is to be completed.
- 5) The program income (lines 10(l) through 10(o) is to be completed.
- 6) The indirect expense on line 11 is to be completed. If no indirect costs were charged to the grant agreement, please indicate.
- 7) The recipient must report program outlays on the same accounting basis (e.g., cash or accrual) that it uses in its normal accounting system.

The appropriate organization representative must sign the SF-425 and submit the form to the AMS SCBGP by email to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov) or fax at (202) 690-4152.

When you submit a revised SF-425 that results in additional monetary claims, the AMS SCBGP will consider the approval of such claims subject to the following minimum criteria:

- You must indicate why the revision is necessary and explain what internal controls you are implementing that will preclude similar occurrences in the future.
- The charge must represent otherwise allowable costs under the provisions of the grant.
- The funds must still be available for use.

When you submit a revised SF-425 that results in funds being returned to AMS SCBGP, such as unallowable costs found during a site visit, the completed SF-425 must include:

- The amount of funds being returned on line 10(h)
- A brief reason for the return of the funds in box 12. Remarks

You must return the funds payable by check to the “Agricultural Marketing Service” at the address listed above in this section. Submission of a revised SF-425 to indicate returned funds will not affect the official close out date or record retention period as indicated in your original close out letter. The AMS SCBGP will notify you when we receive the revised SF-425 and check.

---

## TANGIBLE PERSONAL PROPERTY REPORT

If your subrecipients purchased special purpose equipment with grant funds and that equipment has a current per-unit fair market value of \$5,000 or more, you must submit a **Tangible Personal Property Final Report (SF-428-B)** and **Supplemental Sheet (SF-428-S)** within 90 days following the end date of the grant agreement. The **SF-428B** is also required if you or your subrecipients have a residual inventory of unused supplies of \$5,000 or more in total aggregate value at the end of the grant agreement. The SF-428 will list all residual unused supplies and/or equipment purchased under the grant and the planned disposition of said equipment. AMS SCBGP accepts the SF-428 by email at [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov) or fax to (202) 690-4152, Attn: Specialty Crop Block Grant Program.

If your subrecipients did not purchase special purpose equipment under the grant agreement or if the special purpose equipment purchased under the grant agreement does not have a current per-unit fair market value of \$5,000 or more at the end of the grant agreement, then the SF-428 is not required. The SF-428 is also not required if you or your subrecipients did not purchase supplies under the grant agreement or if there is no residual inventory of unused supplies of \$5,000 or more in total aggregate value at the end of the grant agreement.

---

## AUDIT REPORT

You as the recipient are required to conduct and submit an annual financial audit of the expenditures of all SCBGP funds. This requirement must be fulfilled by the Single Audit Act or a Program-Specific Audit in accordance with [7 CFR part 3052, “Audit of States, Local Governments, and Non-profit Organizations”](#) as described in [7.0 Audit Requirements](#).

You must submit the results of the Single Audit on an annual basis 30 days after completion of the audit. If you do not submit your most recent Single Audit, you must conduct a Program Specific Audit within 60 days after the end date of the grant agreement. The audit results are due no later than 30 days after completion of the audit. You may submit a link to the audit report or an electronic version of the audit report to [Scblockgrants@ams.usda.gov](mailto:Scblockgrants@ams.usda.gov).

## 17.3 POST-CLOSEOUT CONTINUING RESPONSIBILITIES

The closeout of a grant does not affect any of the following:

- The right of the AMS SCBGP or you as the pass-through entity to disallow costs and recover funds because of a later audit or other review. Any cost disallowance determinations and notifications made by you or AMS SCBGP must be made within the record retention period.
- The obligation of you and your subrecipients to return any funds as a result of later refunds, corrections, or other transactions including final indirect cost rate adjustments.
- Audit requirements as required in [7.0 Audit Requirements](#).
- Property management requirements as required in [10.0 Property Management](#).
- Records retention as required in [20.0 Record Retention and Access Requirements](#).

## 18.0 DEBT COLLECTION

[Back to Top](#)

AMS SCBGP may administratively recover funds paid to a recipient in excess of the amount to which the recipient is finally determined to be entitled under the terms and conditions of the award, including misspent funds or unallowable costs incurred. If the recipient does not pay back the funds in accordance with the demand by the AMS SCBGP, which specifies the period of time for repayment, the AMS SCBGP may collect the debt by:

- making an administrative offset against payments that would be due under other grant awards,
- withholding payments that would otherwise be due, or
- taking any other action permitted by statute.

Several Federal statutes governing debt collection and the Federal Claims Collection Standards ([31 CFR parts 900-904](#)), as implemented by USDA at [7 CFR part 3](#), require the AMS SCBGP to collect debts due to the Federal government and, except where prohibited by law, to charge interest on all delinquent debts owed to the AMS SCBGP by recipients. Per [7 CFR part 3.11\(e\)](#), AMS SCBGP must respond promptly to communications from debtors, within 30 days whenever feasible, and should advise debtors who dispute debts to furnish available evidence to support their contentions. Debts may result from cost disallowances, recovery of funds, unobligated balances, or other circumstances.

## 19.0 APPEALS

[Back to Top](#)

The AMS SCBGP permits you to appeal certain post-award adverse administrative decisions made by AMS SCBGP officials. You may appeal the following AMS SCBGP actions:

- Termination, in whole or in part, of a grant for failure of the recipient to carry out its approved projects in accordance with the applicable law and the terms and conditions of award or for failure of the recipient otherwise to comply with any law, regulation, assurance, term, or condition applicable to the grant
- Determination that an unallowable expenditure under the grant has been charged to the grant or that the recipient has otherwise failed to discharge its obligation to account for grant funds
- Denial (withholding) of an award for failure to comply with the terms of a previous award

The formal notification of an adverse determination will contain a statement of your appeal rights. As the first level in appealing an adverse determination, you must submit a written request for review to the AMS official specified in the notification, detailing the nature of the disagreement with the adverse determination and providing supporting documents in accordance with the procedures contained in the notification.

AMS SCBGP encourages all recipients to try to resolve disputes by using alternative dispute resolution (ADR) techniques. ADR often is effective in reducing the cost, delay, and contentiousness involved in appeals and other traditional ways of handling disputes. ADR techniques include mediation, neutral evaluation, and other consensual methods.

## 20.0 RECORD RETENTION AND ACCESS REQUIREMENTS

[Back to Top](#)

### 20.1 RECORD RETENTION

In accordance with Federal regulations, you must retain all records relating to the grant for a period of 3 years after the final Federal Financial Report (SF-425) is received by AMS SCBGP or until final resolution of any audit finding or litigation. See [7 CFR part 3016.42](#) and [3019.53](#) for exceptions and qualifications to the 3-year retention requirement (e.g., if any litigation, claim, financial management review, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken). Those sections also specify the retention period for other types of grant-related records, including property records. See [7 CFR Parts 3019.48](#) and [3016.36](#) for record retention and access requirements for contracts under grants.

### 20.2 METHODS FOR COLLECTION, TRANSMISSION AND STORAGE OF INFORMATION

In accordance with the [May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information](#), you and your subrecipients should, whenever practicable, collect, transmit, and store Federal award-related information in electronic formats rather than on paper. However, you must always provide or accept paper versions of award-related information to and from your subrecipients upon request.

### 20.3 ACCESS TO RECORDS

The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, shall have the right of access to any pertinent documents, papers, or other records of recipients and subrecipients which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the recipient's and subrecipient's personnel for the purpose of interview and discussion related to such documents.

## 21.0 LIMIT OF FEDERAL LIABILITY

[Back to Top](#)

The maximum obligation of the AMS SCBGP to the recipient is the amount indicated in the award as obligated by AMS SCBGP. Nothing in these award terms and conditions or in the other requirements of this award requires AMS SCBGP to make any additional award of funds or limits its discretion with respect to the amount of funding provided for the same or any other purpose. However, in the event that an erroneous amount is stated in the award, the approved budget, or any supporting documentation relating to the award, AMS SCBGP must have unilateral right to make the correction and to make an appropriate adjustment in the AMS SCBGP share of the award to align with the Federal amount authorized.

## 22.0 FRAUD, WASTE, AND ABUSE

[Back to Top](#)

Anyone who becomes aware of the existence (or apparent existence) of fraud, waste, or abuse related to AMS SCBGP grants or use of grant funds should report this information to USDA. The USDA Office of the Inspector General (OIG) provides several means, including toll-free numbers, for this purpose. You may reach the OIG hotline by:

Office of the Inspector General, United States Department of Agriculture,  
Attn: HOTLINE  
PO Box 23399  
Washington, DC 20026-3399

**Telephone:** 1-800-424-9121 (toll free) or 202-690-1202 (TDD);  
**Fax:** 202-690-2474  
**E-mail:** [usda.hotline@oig.usda.gov](mailto:usda.hotline@oig.usda.gov)  
**Internet:** <http://www.usda.gov/oig/hotline.htm>

Fraud, waste, and abuse includes, but is not limited to, embezzlement, misuse, or misappropriation of grant funds or property, and false statements, whether by organizations or individuals. Examples are theft of grant funds for personal use; using funds for non-grant-related purposes; theft of federally owned property or property acquired or leased under a grant; charging inflated building rental fees for a building owned by the recipient; submitting false financial reports; and submitting false financial data in bids submitted to the recipient (for eventual payment under the grant). Callers are not required to give their names and, if they do, OIG keeps their identities confidential.

The Federal government may pursue administrative, civil, or criminal action under a variety of statutes that relate to fraud and false statements or claims. Even if the Federal government does not award a grant, the applicant may be subject to penalties if the information contained in or submitted as part of an application, including its certifications and assurances, is found to be false, fictitious, or fraudulent.