



Specialty Crop Block Grant Program

Grant Management Manual

Federal Fiscal Year 2014 Funding Cycle

Additional information can be obtained at:

<http://agr.mt.gov/Producer/GrantsLoans/SCBG/>

STAKEHOLDER INPUT: The Montana Department of Agriculture seeks your comments about this Grant Management Manual. We will consider the comments when we develop the next Manual for the Specialty Crop Block Grant Program. Submit written stakeholder comments via e-mail to: anelson@mt.govjauer@mt.gov. In your comments, please state that you are responding to the fiscal year (FY) 2014 Specialty Crop Block Grant Program – Grant Management Manual.

Table of Contents

Table of Contents	2
General Information	5
Purpose	5
Assistance.....	5
Forms	5
Overview	5
General Responsibilities.....	6
SCBG Program Manager.....	6
Subrecipient	6
Grant Agreements.....	7
Special Conditions.....	7
Assignments	8
Legal Relationship between the Parties	8
Modifications	8
Non-Discrimination	9
Permitting	9
Conflict of Interest or Other Violations of Governmental Ethics.....	9
Arbitration.....	9
Indemnity & Liability.....	9
Federal Requirements.....	9
Federal Regulations Governing Grant Funds	10
Uniform Administrative Requirements.....	10
Cost Principles.....	10
Cost Considerations	11
Allocation of Costs	12
Allowable Costs & Activities.....	12
Financial Management	30
Financial Management System.....	30
Prior Approval	31

Request for Payment	32
Cost Transfers	34
Unexpended Awarded Funds.....	34
Non-Availability of Funds.....	35
Withholds.....	35
Program Income.....	35
Reporting Requirements.....	36
Performance Reports.....	37
Final Report.....	37
Problems and Delays.....	37
Successes	37
Oral Presentations	38
Compliance Reviews	38
Changes.....	38
Via Email.....	38
Via Templates.....	39
Audit Requirements.....	40
National Policy Requirements.....	41
Property Management.....	43
Use	44
Records	44
Disposition	44
Procurement Management	45
Inventions, Patents & Copyright	45
Publicity and Acknowledgement	46
State Acknowledgement.....	47
Federal Acknowledgement.....	47
Remedies for Non-Compliance	47
Special Conditions.....	48
Withdraw Grant Project Contact Approval.....	48
Withhold Payments.....	48
Disallow Costs	48
Withholding of Support	48
Suspension or Termination.....	48
Closeout	50
Closeout Checklist.....	50
Post-Closeout Continuing Responsibilities	50

Debt Collection 50
Appeals..... 51
Record Retention & Access Requirements 52
 Record Retention 52
 Methods for Collection, Transmission, & Storage of Information..... 52
 Access to Records 52

Limit of State Liability..... 52
Fraud, Waste & Abuse 52

General Information

Purpose

The purpose of the Montana Department of Agriculture (MDA) Specialty Crop Block Grant Program (SCBG) is solely to enhance the competitiveness of specialty crops in Montana. For purposes of the program, specialty crops are defined as **fruits, vegetables, peas and lentils, dried fruits, horticulture, and nursery crops (including floriculture)**.

The SCBG Program Grant Management Manual (GMM) is designed to provide direction to Grant Recipients (Subrecipients) for the successful management of SCBG Federally funded projects. The GMM identifies the roles and responsibilities of all parties, and describes the processes and procedures required by the terms and conditions in the Grant Agreement.

Assistance

Subrecipients should contact the SCBG Program Manager for assistance with grant management.

~~Angela Nelson~~ Jim Auer

Specialty Crop Block Grant Program Manager
Montana Department of Agriculture
302 N. Roberts St.
PO Box 200201
Helena, Montana 59620-0201
(406) 444-0134
(406) 444-9442 fax

~~anelson@mt.gov~~ jauer@mt.gov

agr.mt.gov/agr/Programs/GrantsLoans/SCBG/

Forms

Forms and templates referenced in this manual can be found at http://agr.mt.gov/Producer/GrantsLoans/SCBG/Grantee_Resources.html.

Overview

The terms and conditions of the SCBG award include generally applicable public laws and Executive orders, the Federal Office of Management and Budget (OMB) regulations and the United States Department of Agriculture (USDA) implementation of them, and Agricultural Marketing Service (AMS)-specific policies and procedures applicable to Grants Agreements. Federal 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 SCBG award. Where applicable, the MDA SCBG will indicate differences based on grant purpose or type of Subrecipient.

An individual award also may contain award-specific terms and conditions. For example, the MDA SCBG may include terms and conditions necessary to address concerns about a Subrecipient's management systems.

General Responsibilities

The following is an outline of the duties and responsibilities of individuals involved in SCBG awards.

SCBG Program Manager

MDA's [SCBG Program Manager](#) manages the SCBG Grant Agreements. The SCBG Program Manager ensures Subrecipients are compliant with Federal and State statutes and regulations, grant terms and conditions, and reporting requirements. The SCBG Program Manager also provides Subrecipients with technical assistance and consultation throughout the Grant Agreement term.

MDA awards grants to Subrecipients: State and/or local organizations, government entities, producer associations, academia, community based organizations, and other specialty crop stakeholders.

Subrecipient is legally accountable for the performance of the award and the expenditure of funds.

Subrecipients must:

- Staff the project appropriately;
- Manage project resources efficiently;
- Ensure compliance with both Federal and State requirements;
- Establish measurable program outcomes and conduct activities that will contribute to achieving those outcomes;

Subrecipient

The roles and responsibilities of designated individuals who serve as agents of the Subrecipient are as follows:

Grant Project Contact

The Grant Project Contact is the individual, designated by Subrecipient, responsible for the technical and programmatic aspects of the grant and for day-to-day management of the projects and program. The Grant Project Contact is responsible for ensuring that Subrecipient complies with the financial and administrative aspects of the award. This individual has the authority to commit Subrecipient's time and other resources to the program to ensure that Subrecipient remains 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 Subrecipient. The Grant Project Contact is encouraged to maintain contact with the MDA [SCBG Program Manager](#) with respect to business, administrative, technical, or programmatic aspects of the award.

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

Grant Management Contact

The Grant Management Contact is the designated representative of the Subrecipient 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 and State 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 MDA requires you to designate such an individual, MDA does not specify the organizational location or full set of responsibilities for this individual.

Grant Agreements

Upon USDA-AMS approval of Montana's State Plan, MDA will enter into a contract with Subrecipient. The signature of an authorized representative of the Subrecipient on the Grant Agreement constitutes acceptance of an award and its associated terms and conditions.

Grant Agreements must be signed and returned to MDA within 30 days of receipt. Failure to submit an executed copy of the Grant Agreement within 30 days of receipt will result in the loss of awarded grant funds, unless the delay was caused by circumstances outside the control of the Subrecipient.

Grant Agreements may be up to three years in duration depending on the type of project.

Additionally, MDA must receive a copy of Subrecipient's signed Grant Agreement prior to payment of funds. Should Subrecipient choose not to accept an award, including the legal obligation to perform in accordance with its provisions, Subrecipient must notify MDA immediately upon receipt of the Grant Agreement. If a resolution cannot be reached, MDA will void the Grant Agreement. The contents of the Grant Agreement are binding on Subrecipient and MDA once Subrecipient's authorized representative has accepted the Grant Agreement unless and until modified.

Grant Award Agreements are intended to incorporate all provisions required by federal law. If MDA learns that a provision required by federal law has not been incorporated in the Agreement, the parties agree to promptly amend the Agreement to include the provision.

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, Subrecipient may request written clarification from MDA at any time; however, if the inclusion of the term or condition would cause Subrecipient not to accept the award or to be unable to comply, Subrecipient must raise the question before award acceptance.

Special Conditions

SCBG Program Manager may impose special conditions on Subrecipients who are considered moderate to high-risk Subrecipients, or those considered noncompliant with Federal and State laws and regulations, Grant Agreement terms and conditions, and the GMM. Special condition examples include:

- More frequent submission of progress reports
- More frequent submission of invoices
- Submission of supporting documents with each invoice
- Additional site visits, audits and/or desk reviews

Reasons for imposing special conditions include but are not limited to:

- Inadequate financial management systems
- Late invoices or progress reports
- Audit findings
- Poor performance on previous grants

Assignments

The parties mutually agree that there will be no assignment, transfer, or other delegation of this agreement, nor any interest in this agreement, unless prior agreement has been stipulated elsewhere in this agreement or with the express written consent of both parties.

Legal Relationship between the Parties

In performing proposal activities, Subrecipient is not an agent, employee, or independent contractor of the state.

The agents, employees, cooperators and independent contractors, associated with or hired by the Subrecipient to perform or assist in performing proposal activities are not agents, employees, cooperators or independent contractors of Department.

The grant agreement does not create a partnership, joint venture, joint enterprise or joint undertaking of any sort between Subrecipient, its agents, employees, cooperators, and independent contractors and the State of Montana, for the performance of proposal activities.

Modifications

No letter, email, or other communication passing between the parties to the agreement concerning any matter during this agreement period shall be deemed a part of this agreement unless it is distinctly stated in such letter, email, or communications that it is to constitute part of this agreement, and such letter, email, or communication is attached as an Appendix to this agreement and is signed by the authorized representative of each of the parties to this agreement. This grant contains the entire agreement between the parties, and no statements, promises or inducements made by either party or agents of either party, which are not contained in this writing, shall be valid or binding. This agreement shall not be enlarged, modified or otherwise altered without written agreement of both parties (see [“Changes”](#) for additional information).

Non-Discrimination

Subrecipients must agree to comply with [Montana Human Rights Act \(Title 49 of the MCA\)](#). Any hiring of employees under this agreement by the Subrecipient shall be on the basis of merit and qualification, and there shall be no discrimination in such hiring on the basis of race, color, religious creed, political ideas, sex, age, marital status, physical or mental disability, national origin, or ancestry. As used herein, "qualifications" means qualifications that are generally related to competent performance of the particular occupational task.

Permitting

SCBG funded projects may involve conducting work that requires permits and clearances from various agencies. MDA does not determine which, if any, permits are required for specific projects nor does it review permits for accuracy or appropriateness. Applicants are responsible for determining that all necessary permits that apply to their project are identified and obtained.

Conflict of Interest or Other Violations of Governmental Ethics

Grant Award Agreements will be subject to cancellation for any violation of [MCA Title 2 Chapter 2](#).

Arbitration

Subrecipients must agree to use arbitration, after exhausting all applicable administrative remedies, to resolve disputes arising out of the Grant Award Agreement to the extent required.

Indemnity & Liability

The Subrecipient shall protect, indemnify, defend, and save the Department and the State of Montana and its agents harmless from and against any and all claims, portions of claims, liabilities, demands, causes of actions, judgments, and settlements, including costs and reasonable attorney's fees arising in favor of or asserted by any person or entity; on account of personal injury, death, or damage to real or personal property which is, or alleged to be the result, in whole or in part of any acts or omissions of the Subrecipient, its employees, agents, or independent contractors, or cooperating landowners, their employees, agents, or independent contractors, in connection with the proposal activities described in this agreement and attachments; on account of the failure of the Subrecipient to perform under and comply with "Purpose & Scope of Work" and "Contract Terms" of this agreement.

The duty of Subrecipient to defend is not contingent upon an admission or jury determination that the Subrecipient committed any negligent acts or engaged in any willful misconduct. Subrecipient shall pay the reasonable cost and attorney's fees incurred by the State in establishing its right to defense or indemnification provided herein.

Federal Requirements

Subrecipients are responsible for identifying the Federal regulations appropriate to their organization and for the consistent application of these regulations to the SCBG grant funds. Subrecipients are also responsible for ensuring their contractors/consultants comply with applicable Federal regulations.

The following chart lists the type of organization and the applicable Federal regulations.

Federal Regulations Governing Grant Funds

Organization Type	Applicable Uniform Administrative Requirements	Applicable Cost Principles
State, Local, and Indian Tribal Governments	7 CFR 3016	2 CFR 225 (OMB Circular A-87)
Non-profit Organizations other than an (1) institution of higher education, (2) hospital, or (3) organizations named in OMB Circular A-122 as not subject to that circular	7 CFR 3019	2 CFR 230 (OMB Circular A-122)
Educational Institutions	7 CFR 3019	2 CFR 220 (OMB Circular A-21)
For-profit organizations other than a hospital, and any organizations named in OMB Circular A-122 as not subject to that circular	7 CFR 3019	Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at 48 CFR Subpart 31.2 .
All organization types are subject to 7 CFR 3015 and 7 CFR 3052 (OMB Circular A-133)		

Uniform Administrative Requirements

The Uniform Federal Assistance Regulations, regulations setting forth the administrative requirements for awarded grant funds, are contained in the Code of Federal Regulations (CFR) at [7 CFR 3015](#) and provisions of Office of Management and Budget (OMB) Circular A-133 implemented in [7 CFR Part 3052](#). There is a set of Uniform Administrative Requirements for each organization type.

Cost Principles

The Cost Principles are regulations used to determine allowable costs, and ensure consistent treatment of costs. There is a set of Cost Principles for determining allowable costs for each organization type. MDA does not intend this section to be all-inclusive, and Subrecipients should use the applicable costs principles as a supplement.

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

1. **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:

- a. The cost must be a type generally necessary for the organization’s operations or the grant’s performance.
 - b. Subrecipients must comply with their own established organizational policies in incurring the cost or charge.
 - c. Subrecipients must consider the market prices for comparable good or services in the geographic area.
 - d. Individuals responsible for the expenditure must act with due prudence in carrying out their responsibilities to the Federal government, State of Montana, and the public at large as well as to the organization.
2. **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:
- a. is incurred solely to advance work under the grant;
 - b. 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;
 - c. is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant.
3. **Consistency.** 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.
4. **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.

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. The fact that the MDA awards a proposed cost as requested by an applicant does not indicate a determination of allowability.

Cost Considerations

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. **MDA SCBG does not allow indirect costs to be charged to SCBG awards.**

Allocation of Costs

When two or more sources support salaries or other activities, issues may arise as to how Subrecipient should allocate the direct costs among the sources of support. In general, Subrecipient 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) Subrecipient’s financial management system includes adequate internal controls.

Subrecipients with open projects funded in other grant cycles 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).

Allowable Costs & Activities

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 Subrecipient does 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 MDA mentions some costs in this subsection for emphasis. MDA does not intend for this subsection to be all-inclusive. Subrecipients should consult the [Federal cost principles](#) for the applicable organization for the complete explanation of the allowability of costs they address. If Subrecipients have questions concerning the allowability of costs after reviewing the associated Federal cost principles, contact [MDA SCBG Program Manager](#).

Subrecipient 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.

Selected Cost Items

Item	Description
Advertising and Public Relations and Selling	<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

Item	Description
and Marketing Costs	crops.
Advertising and Public Relations –Promotion of an organization’s image, logo, or brand name	<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"> • A promotional campaign to increase sales of “XYZ Grown” Watermelon is acceptable while increasing brand awareness of “XYZ Grown” generically is not. • Promoting tomatoes while including an organization’s logo in the promotion is acceptable, while generally promoting an organization’s logo is not. • Promotional items could say “Buy XYZ Grown Apples” but not “XYZ Grown”, which promotes XYZ generically. • A promotional campaign to increase producer sales of “XYZ Grown fruits and vegetables” is acceptable while increasing membership in “XYZ Grown” generally is not.
Advertising and Public Relations -Promotion of non-specialty crop activities	<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"> • Advertisements could say “Buy Sweet Corn! It is the Best!” but not “Buy Local.” • 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.
Advertising and Public Relations - Promotional items	<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"> • Promotional items could say “Buy XYZ Grown Apples” but not “XYZ Grown.”
Advertising and Public Relations - Gifts, prizes, etc.	<i>Unallowable</i> for gifts, prizes, memorabilia, and souvenirs.
Advertising and Public Relations - Sponsorships	<p><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.</p>

Item	Description
Advertising and Public Relations - Coupons, Incentives or Other Price Discounts	<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.
Advertising and Public Relations - Use of meeting rooms, space, exhibits for non-specialty crop activities	<p><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.</p> <ul style="list-style-type: none"> • 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. • Supporting the participation of farmers’ market managers at a national conference that is not specific to specialty crops is not allowable. • 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. • 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.
Advertising and Public Relations – Cookbooks, Cooking Demonstrations, Recipe Cards, Food Pairings	<p><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.</p> <p><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.</p>
Alcoholic Beverages	<i>Unallowable</i> for alcoholic beverages except when the costs are associated with enhancing the competitiveness of a processed product as defined above.
Aquaponics	<p><i>Allowable</i> 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"> • A project to determine whether carp, catfish, or tilapia are best for growing lettuce is acceptable. • A project to study whether lettuce or tomato produced the highest yield of tilapia is not acceptable. • A project to farm fish using an aquaponics system and then sell the fish is not acceptable.

Item	Description
	<ul style="list-style-type: none"> A project to grow specialty crops where both the specialty crops and the fish are sold is not acceptable. <p>For more information on constructing or purchasing an aquaponics system, see <i>Equipment-General Purpose</i> and <i>Equipment – Special Purpose</i>.</p>
Audiovisual Activities and Acknowledgement of Support	<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> <p>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.</p>
Audit Costs	<p>Allowable 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 section 230(b) (2) of 7 CFR 3052 are met. The charges may be treated as a direct costs when:</p> <ol style="list-style-type: none"> the audit’s scope is limited to a single SCBGP grant-supported project or program, as specified in 7 CFR 3052.230 (b) (2); or 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 this practice is followed consistently by the recipient. <p>Otherwise, charges for audits must be treated as indirect costs and are unallowable.</p>
Construction and Renovation and Land or Building Acquisition	<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>
Conferences	<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 Subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the 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</p>

Item	Description
	<p>entertainment costs that are unallowable. If registration fees are collected, the recipient or subrecipient must report those fees as program income (See also Program Income).</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>
Contingency Provisions	<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>
Contractual and Consultant Costs (Professional Services)	<p><i>Allowable</i> subject to limitations below. 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"> 1. The nature and scope of the service rendered in relation to the service required. 2. The necessity of contracting for the service, considering the Subrecipient's capability in the particular area. 3. The past pattern of such costs, particularly in the years prior to Federal awards. 4. The impact of Federal awards on Subrecipient's business (i.e., what new problems have arisen). 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. 6. Whether the service can be performed more economically by direct employment rather than contracting. 7. The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities. 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><i>Allowable</i> for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in Subrecipient's area. This does not include fringe benefits, travel, indirect costs, or other expenses.</p> <p>If rates exceed this amount, one of the following justifications must be provided:</p> <ul style="list-style-type: none"> • A description of the steps Subrecipient 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. <p>OR</p>

Item	Description
	<ul style="list-style-type: none"> • 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.) <p>Documentation for consultants maintained by the receiving organization must include:</p> <ul style="list-style-type: none"> • the name of the consulting firm or individual consultant; • the nature of the services rendered and their relevance to the grant-supported activities, if not otherwise apparent from the nature of the services; • 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); • the amount paid; and • termination provisions. • This information may be included in the consultant’s invoice, in the report, or in another document.
Contributions or Donations and	<p><i>Unallowable</i> for contributions or donations, including cash, property, and services, from Subrecipient to other entities.</p> <p>A non-profit entity using grant funds to purchase produce to donate to other entities and individuals is unallowable.</p>
Depreciation or use allowances	<p><i>Unallowable</i> for depreciation or use charges on any portion of the cost of equipment acquired under the SCBG.</p>
Dues or Membership Fees	<p><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.</p>
Entertainment	<p><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).</p>
Equipment - General Purpose	<p><i>Unallowable</i> for purchase costs but allowable for rental costs. “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>

Item	Description
	<p>Unallowable for purchase even if the 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>
<p>Equipment - Special Purpose</p>	<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 8.0 Changes Requiring Prior Approval.</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 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"> 1. Necessary for the research, scientific, or other technical activities of the grant 2. Not otherwise reasonably available and accessible 3. The type of equipment is normally charged as a direct cost by the organization 4. Acquired in accordance with organizational practice 5. Must only be used to solely enhance the competitiveness of specialty crops 6. The specialty crop industry, rather than a single commercial organization, commercial product, or individual, must benefit from the use of the equipment 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 8. Subrecipient that acquired the equipment with SCBG funds must understand the Subrecipient is subject to the full range of acquisition, use, management, and disposition requirements of 7 CFR parts 3019.34 and 3019.35 or 7 CFR parts 3016.32 and 3016.33 as applicable. <p>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 Property Management. 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>

Item	Description
Fines, Penalties, Damages, and Other Settlements	<i>Unallowable</i> for costs resulting from Subrecipient 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 MDA.
Foreign Travel	<p><i>Allowable</i> with prior approval from MDA (see Prior Approval).</p> <p>Each separate foreign trip must receive prior approval from MDA. 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. MDA recommends that applicants search the Foreign Agricultural Service data base of GAIN reports to ensure that proposals will not duplicate information that already exists. Any proposal involving foreign travel must be well justified.</p> <p>See Travel in this exhibit for more information on travel costs and restrictions.</p>
Fundraising	<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.
Goods or Services for Personal Use	<i>Unallowable</i> for costs of goods or services for personal use of Subrecipient’s employees regardless of whether the cost is reported as taxable income to the employees.
Health and Nutrition Messaging	<p><i>Allowable</i> when health and nutrition information complies with regulations and policies of the:</p> <p style="text-align: center;">Federal Trade Commission</p> <p style="text-align: center;">AND</p> <p style="text-align: center;">U.S. Food and Drug Administration</p> <p>Nutrition and health claims must be truthful, not misleading or deceptive, and include adequate disclaimers if appropriate.</p>
Information Technology Systems	<i>Unallowable</i> 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 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

Item	Description
	<p>capitalized in accordance with GAAP.</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</i> for website development, mobile apps, etc.</p>
Insurance and Indemnification	<p><i>Allowable</i> for costs associated with the purchase and maintenance of insurance and indemnification (liability protection) when it is used in connection with allowable grant activities.</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 allowable as a direct cost if this manner of charging is the normal organizational policy.</p> <p>Additional restrictions and exceptions apply, so consult the applicable cost principles.</p>
Invention, Patent, or Licensing Costs	<p>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.</p>
Investment Management Cost	<p><i>Unallowable</i> for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.</p>
Lobbying	<p>Subrecipient should obtain an advance understanding with MDA if it intends to engage in certain activities intended to influence Federal, State, or local government entities.</p> <p><i>Unallowable</i> for:</p> <ol style="list-style-type: none"> 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; 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;

Item	Description
	<p>3. Any attempt to influence:</p> <ul style="list-style-type: none"> a. the introduction of Federal or State legislation; or b. the enactment or modification of any pending Federal or State legislation through: <ul style="list-style-type: none"> 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 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 c. any government official or employee in connection with a decision to sign or veto enrolled legislation; <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> <p><i>Allowable</i> activities directly related to the performance of a grant include:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 b. The information for the presentation is readily obtainable and able to be put in deliverable form; and 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. 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. 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: <ul style="list-style-type: none"> a. Nonpartisan analysis, study, or research reports;

Item	Description
	<ul style="list-style-type: none"> b. Examinations and discussions of broad social, economic, and similar problems; and 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).
Meals	<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>
Organization Costs	<p><i>Unallowable</i> 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 MDA.</p>
Participant Support Costs	<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>
Political Activities	<p><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).</p>
Pre-Award (Pre-Agreement Costs)	<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 MDA at its own risk. The incurrence of pre-award costs in anticipation of an award imposes no obligation on the MDA to award funds for such costs.</p>

Item	Description
Proposal Costs	<i>Unallowable</i> – considered an indirect cost for Subrecipient.
Publication and Printing Costs and Acknowledgement of Support	<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. 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> <p>See Acknowledgements for additional requirements.</p>
Registration Fees	<i>Allowable</i> for attendance at conferences, symposiums, or seminars if necessary to accomplish project or program objectives.
Rental or Lease Costs of Buildings, Vehicles, Land and Equipment	<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. 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 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 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 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 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>
Salaries, Wages, and	<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

Item	Description	
Fringe Benefits	<p>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 specialty crops.</p> <p><i>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.</i></p>	
Salaries and Wages – State, Local, and Indian Tribal Governments Standards for Payroll Distribution Documentation	Employee Type	Required documentation to support salaries and wages
	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	A semiannual signed “certification”. Subrecipient must keep the “certification” on record for review by MDA.
	For employees who work on: <ul style="list-style-type: none"> • More than one Federal award, • A Federal award and a non-Federal award, • An indirect cost activity and a direct cost activity, • Two or more indirect activities 	Monthly “activity reports” that coincide with one or more pay periods. The monthly activity reports must include: <ul style="list-style-type: none"> • After-the-fact reporting of actual distribution of activities; • Account for the total activity for which the employee is compensated; and

Item	Description	
	which are allocated using different allocation bases; or <ul style="list-style-type: none"> An unallowable activity and a direct or indirect cost activity 	<ul style="list-style-type: none"> Include the employee’s signature. Subrecipient must keep the activity reports on record for review by the MDA.
Salaries and Wages – Hospitals for Payroll Distribution Documentation	Employee Type	Required documentation to support salaries and wages
	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.
Salaries and Wages – Non-Profit Organizations for Payroll Distribution Documentation	Employee Type	Required documentation to support salaries and wages
	All Employees	<ul style="list-style-type: none"> 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 represents a reasonable estimate of the actual work performed by the employee during the period covered by the report. Each report must account for the total activity for which the employee is compensated.
	Non-professional employees	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 (29 CFR part 516).
	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 2 CFR part 230 .	
Salaries and Wages – Educational Institutions for Payroll Distribution Documentation	Employee Type	Required documentation to support salaries and wages
	Professorial and other professional staff	<ul style="list-style-type: none"> 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

Item	Description	
		<p>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.</p> <p>OR</p> <ul style="list-style-type: none"> • 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 each category of activity needed to identify indirect costs and the functions to which they are allocable. <p>OR</p> <ul style="list-style-type: none"> • 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. <p>OR</p> <ul style="list-style-type: none"> • Any other method meeting the criteria specified in Appendix A, J.10 of 2 CFR part 220
	Other Employees	<ul style="list-style-type: none"> • 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.
Salaries and Wages – For-Profit Organizations for Payroll Distribution Documentation	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.	
Scholarships and Student Aid Costs	<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"> • The individual is performing activities necessary to the grant; 	

Item	Description
	<ul style="list-style-type: none"> • 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; • 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 degree program; • The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and • It is the institution’s practice to similarly compensate students under Federal awards as well as other activities. <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 Appendix A, J.10 of 2 CFR part 220, or an equivalent method for documenting the individual’s effort on the project. Tuition remission may be charged on an average rate basis.</p>
Supplies and Materials, Including Costs of Computing Devices	<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 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 Property Management.</p>
Termination or Suspension Costs	<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. MDA 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. MDA may authorize other costs in, or subsequent to, the notice of termination or suspension. See 7 CFR part 3016.43 and 7</p>

Item	Description						
	CFR part 3019.62(c) .						
Training and Education	<i>Allowable</i> when the training and education is required to meet the objectives of the project or program.						
Travel	<p><i>Allowable</i> when travel costs are limited to those allowed by formal organizational policy.</p> <p>Montana In-State Travel</p> <p>Reimbursement is for actual costs up to the maximum allowance for meals, incidentals, and lodging expenses for each complete 24 hours of travel. The maximum travel rates allowable are the rates in effect at the time of travel established by the Montana State Travel Policy as outlined by the Montana Department of Administration.</p> <p>Meals</p> <p>The maximum allowable per diem rates are:</p> <table data-bbox="584 924 844 1029"> <tr> <td>Breakfast</td> <td>\$5.00</td> </tr> <tr> <td>Lunch</td> <td>\$6.00</td> </tr> <tr> <td>Dinner</td> <td>\$12.00</td> </tr> </table> <p>Lodging</p> <p>Reimbursements for lodging and applicable taxes are for actual costs, and must be substantiated with a receipt. Maximum lodging rates follow Federal guidelines: FY 2014 Per Diem Rates for Montana.</p> <p>Mileage and Parking</p> <ul style="list-style-type: none"> • Mileage reimbursement for using a privately owned vehicle will be at the standard mileage rate established by the United States (U.S.) Internal Revenue Service (IRS) and in effect at the time of travel. • Reimbursement for parking is up to the actual costs, and must be substantiated with a receipt. <p>Out-Of-State Travel</p> <p>Reimbursement is available for actual costs of transportation, lodging, subsistence, meals and incidental expenses when traveling out of the State of Montana. 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. If Subrecipient organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel</p>	Breakfast	\$5.00	Lunch	\$6.00	Dinner	\$12.00
Breakfast	\$5.00						
Lunch	\$6.00						
Dinner	\$12.00						

Item	Description
	<p>costs.</p> <p>International Travel</p> <p>Note: International travel requires prior approval from SCBG Program Manager and/or USDA.</p> <p>Reimbursement is available for actual costs up to the maximum allowance for meal, incidental, and lodging expenses when traveling out of the country.</p> <p>The maximum international travel rates allowable are established in a supplement to section 925, U.S. Department of State Standardized Regulations. These per diem rates are available on the U.S. Department of State website.</p> <p>Rates are subject to change daily to account for currency and economic changes.</p> <ul style="list-style-type: none"> • Reimbursement for meals and lodging plus incidental travel expenses will be paid up to the rates identified on the U.S. Department of State’s website. • The lodging allowance is intended to substantially cover the cost of lodging at adequate, suitable and moderately priced facilities. • Travelers are advised to request information on hotel discounts for Subrecipients traveling on U.S. Government business. <p>Air Travel</p> <ul style="list-style-type: none"> • Economy-based rates are to be used by all travelers. • International travel must comply with the Fly America Act, U.S.C. Title 49 § 40118. This Act requires consultants, contractors, Subrecipients, and others performing U.S. Government financed foreign air travel to travel by U.S. flag air carriers with some exceptions. • Reimbursement is available up to actual airfare expenses incurred. • 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. • 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><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</p>

Item	Description
	<p>tradeshows where these costs cannot be specifically identified and easily and accurately traced to activities that solely enhance the competitiveness of specialty crops.</p> <p><i>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.</i></p>

Subrecipients are encouraged to contact [SCBG Program Manager](#) to confirm allowability of costs.

Financial Management

Financial Management System

Subrecipient is 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 Subrecipient’s ability to account for the expenditure of grant funds. Subrecipients must use Federal funds in a responsible manner that includes adequate internal controls and cash management consistent with Department of the Treasury requirements.

Subrecipient must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for State funds. Subrecipient’s 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 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.

Subrecipient must notify MDA when financial management [problems](#) are discovered. Deficiencies in Subrecipient’s financial management system, whether Subrecipients report them or they are identified by MDA, may result in the imposition of [special award conditions](#) or other increased monitoring by MDA.

Prior Approval

Prior approval is required from the SCBG Program Manager and/or USDA-AMS for the following. Failure to obtain prior approval may result in unallowable costs.

Purchase of Special Purpose Equipment

Prior to purchase, SCBG Program Manager must approve in writing costs associated with expenditures for special purpose equipment with a unit cost of \$5,000 or more (see Equipment – Special Purpose in the Exhibit “[Selected Cost Items](#)”). Approval of original proposal constitutes prior approval of Special Purpose Equipment included in the original proposal. However, prior approval of the addition of Special Purpose Equipment in the proposal requires a [Scope of Work](#) and [Budget Amendment](#), providing details and justification of the purchase.

Foreign Travel

Prior to purchase SCBG Program Manager must approve in writing all foreign travel and each separate domestic or foreign trip involving a government official’s travel costs. Approval of original proposal constitutes prior approval of Foreign Travel included in the original proposal. However, prior approval of the addition of Foreign Travel in the proposal requires a [Scope of Work](#) and [Budget Amendment](#), providing details and justification of the travel.

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. MDA recommends that applicants search the [Foreign Agricultural Service database of GAIN reports](#) to ensure that proposals will not duplicate activities that already receive funds.

Contractor/Consultant rates in excess of GS-14, Step 10

Prior to hiring, SCBG Program Manager must approve in writing costs associated with expenditures for contractor/consultant rates in excess of [GS-14, Step 10](#). Approval of original proposal constitutes prior approval of contractor/consultant rates in excess of GS-14, Step 10, included in the original proposal. However, prior approval of the addition of this in the proposal requires a [Scope of Work](#) and [Budget Amendment](#), providing details and justification.

If rates exceed this amount, one of the following justifications must be provided:

- A description of the steps Subrecipient 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](#).

OR

- 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.)

Request for Payment

Payments will be contingent upon compliance with guidelines set forth by MDA. Each payment is conditioned upon receipt and approval by the Program Manager of the Outcomes specified in the proposal and may be accompanied by reasonable assurance (documentation, receipts, invoices, etc.) that the goods and services for which payment is requested were actually received and performed. MDA has the right to disallow costs determined inappropriate or unreasonable. The Program Manager shall have a minimum of thirty (30) working days to approve the payment.

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments.

Advance Payments

Subrecipients may be eligible to receive an advance payment to cover project expenditures. Requests must be submitted using the [Advance Payment Request \(APR\) form](#). Subsequent APR's will be denied until advance payments are liquidated. An advance payment to cover costs incurred during the final three months of the project is not allowed.

Requests for fund advances will be considered on a case by case basis. If a funding advance is requested, the need for the advance must be clearly stated in the project proposal. Advances will be limited to the minimum amounts needed to meet current disbursement needs and will be scheduled so the funds are available closely as is administratively possible to the actual expenditures by the

Subrecipient. In addition, initial funding advances shall **not exceed 25%** of the total grant award and must be expended within 30 days of receipt. Matching contributions by applicants, although not required, are highly encouraged and will be factored into the approval criteria measurements.

Advance Payment Request Procedures

- Estimate the advance amount needed for a three-month period. Submit an [Advance Payment Request \(APR\) form](#) and justification (e.g., cash flow issues).
- MDA issues advance payment checks. Upon receipt, funds must be deposited into a federally insured, interest-bearing account that provides the ability to track interest earned and withdrawals.

Interest Earned

Subrecipient must 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](#). Subrecipients must remit interest earned on Federal advances deposited in interest bearing accounts to MDA promptly, and at least quarterly.

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.

Reimbursement Payments

Subrecipients submit a [Reimbursement Request](#) to SCBG Program Manager for reimbursement of actual expenditures. For help completing the form, view the [Reimbursement Request Form Instructions](#).

Invoices must be submitted at least quarterly, but not more frequently than monthly, in arrears. The quarterly periods are:

- **Quarter 1:** October 1 – December 31
- **Quarter 2:** January 1 – March 31
- **Quarter 3:** April 1 – June 30
- **Quarter 4:** July 1 – September 30

Reimbursement requests are due no later than 30 calendar days after the quarterly or monthly invoice period, and are required regardless of whether or not project costs are incurred during the invoice period. Final invoices are due no later than 45 calendar days following the expiration date of the Grant Agreement term or after the project is complete, whichever comes first.

MDA will make payments to Subrecipient via Electronic Fund Transfer (EFT) to the bank account specified in [W-9 and Direct Deposit form](#), to be submitted with your first payment request. If Subrecipient's banking information is not correct or changes at any time prior to the end of your agreement, please notify the SCBG Program Manager as soon as possible so the banking information can

be updated. This is vital to ensure proper and timely deposit of funds. If EFT is not an option, MDA can provide additional payment options, such as mailed checks.

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 MDA any unobligated (unencumbered) balance of cash at the end of the grant period.

MDA 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.

Cost Transfers

~~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.~~

~~Subrecipient may need to make cost transfers necessary to correct bookkeeping or clerical errors. Subrecipient 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. MDA also may require you to take corrective action by imposing additional terms and conditions on your award.~~

~~Transfers of funds between grant agreements are unallowable without MDA approval. In the case that a transfer represents more than 20% of MDAs overall SCBG budget, USDA approval may be needed as well.~~

Unexpended Awarded Funds

Unexpended awarded funds refer to awarded grant funds that Subrecipients do not spend either because Subrecipient completed its project under budget or Subrecipient did not complete all aspects of the project covered by the grant agreement.

Subrecipients shall inform MDA of the potential for unexpended awarded grant funds as soon as the Subrecipient is aware of the potential for unexpended funds, but no later than 90 days prior to the award expiration date. **Failure to expend budgeted funds may affect the scoring of future grant applications.**

MDA reserves the right to use unexpended awarded funds to provide additional grant funds to other Subrecipients who have current grant award agreements for projects covered by those agreements or to provide initial funding to applicants who had previously applied for funding but had not been awarded a

grant due to lack of available funds. The Director will document in writing the specific justifications for any distributions of unexpended awarded funds made under this section.

Non-Availability of Funds

Every payment obligation of the State under the Grant Agreement will be conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of the Agreement, the Agreement may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

Withholds

Withhold Payment Notification

SCBG Program Manager issues a Withhold Payment Notification to delay payment of an invoice if there is an invoice discrepancy, unresolved audit finding, or late progress report. The Notification describes the reason for withholding payment and what actions, if any, may be required. Invoices are processed once all issues are resolved.

Withhold Pending Closeout

SCBG Program Manager will withhold 10% of the Grant Award until approval of the Final Performance Report, and/or resolution of any performance issues or audit findings.

Program Income

Program income is gross income—earned by subrecipient 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.

If program income is earned, Subrecipients must use it in accordance with [7 CFR 3019.24](#) or [7 CFR 3016.25](#), as follows:

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
Cost Sharing or Matching	Used to satisfy all or part of the non-Federal share of a project or program

Program income may only be expended on allowable costs that solely enhance the competitiveness of specialty crops.

Program income information reported on the progress and final reports includes the nature or source of the program income (e.g., registration fees), the amount, and a description of how the program income will be used to further enhance the competitiveness of specialty crops.

The amount of program income is reported on the invoices as well as in the progress and final reports.

Subrecipient is not accountable for program income earned after the period of grant support. Royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works is not subject to this section.

Cost Sharing & Matching

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

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

However, in some cases, Subrecipient may 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, Subrecipient 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 Subrecipient determined the appropriate amount of cost-sharing or match.

Reporting Requirements

Subrecipients are required to submit the following reports:

1. Performance Reports, semi-annually;
2. Final Reports, at the end of the project;
3. Problems and delays, as they occur;
4. Successes, as they occur; and
5. Oral presentations, as requested.

Subrecipients are responsible for timely submission of reports. Failure to submit timely reports may result in the forfeiture of payment and may affect the scoring of future grant applications.

SCBG Program Manager will review performance reports to ensure the reports meet the required criteria and the report indicates substantial progress toward meeting the project goals and measurable outcomes. SCBG Program Manager will notify Subrecipient if additional information is required after the

initial review of the report. The Grant Project Contact is responsible for adequately addressing all comments and questions from SCBG Program Manager. This will help facilitate the acceptance of the report and reduce the number of revisions.

Performance Reports

Subrecipients are required to submit a performance report no later than 30 days after each reporting period ends (see Reporting Periods below), using the [Performance Report Template](#):

Reporting Periods	Report Due on or before
October 1 - March 31	April 30
April 1 - September 30	October 31

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.

Final Report

Subrecipients are required to submit a Final Report no later than 30 calendar days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first, using the [Final Report Template](#), and the report will be made available to the public. The final report must be approved by MDA. MDA will not disburse final payment until all requirements of the Agreement have been fulfilled. All remaining grant funds or outstanding grant funds must be reconciled.

USDA-AMS will post the Final Performance Report on the USDA-AMS SCBG 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.

Problems and Delays

Subrecipient must immediately notify the [SCBG Program Manager](#) of any problems, delays and/or adverse conditions that will materially affect the project. Examples include but are not limited to: inability to collect data, conduct research, or complete any activity according to the work plan or work plan schedule; substituting commodities identified in the work plan; inability to fill vacant positions so activities are delayed or eliminated. Some problems and delays may require a [revised scope of work](#).

Successes

Subrecipient must notify [SCBG Program Manager](#) of any project successes that could be reported to the public, as evidence of effectiveness of the program.

Oral Presentations

Subrecipient may be required to make oral presentations to MDA and other SCBG stakeholders throughout the duration of the project and provide additional information as necessary throughout the entire AMS grant period of 3 years.

Compliance Reviews

All Grant Agreements are subject to a minimum of one performance site visit, as well as a financial compliance audit and/or desk review. The purpose is to determine whether measurable outcomes are being met and evaluate accomplishments, and to review financial records and documentation to ensure funds are being used for their intended purpose in compliance with Federal cost principles and Grant Agreement terms and conditions.

Site visits and audits are generally conducted during the term of the Grant Agreement, but may be conducted after the Grant Agreement has ended. Subrecipients must allow access to records and documentation relevant to the Grant Agreement, as well as any employees who may reasonably have information related to the Grant Agreement.

Subrecipients may be required to submit supporting documentation for an invoice for a desk review by a MDA auditor. Documentation may include but is not limited to timesheets and payroll records, travel logs that document mileage, invoices/receipts for operating costs, lodging, and meals, and contractor/consultant contracts and invoices.

Subrecipients should review MDA's [Audit and Compliance Guidance](#).

Changes

MDA anticipates that Subrecipient may need to modify the award budget or other aspects of approved project during performance to accomplish the award's programmatic objectives. In general, Subrecipient has 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, Subrecipient is required to request prior written approval from MDA. Prior approval means that Subrecipient must request and obtain approval from MDA **in advance** of the change or obligation of funds. Subrecipient may contact [SCBG Program Manager](#) with questions about the need for prior approval for an activity or cost under a specific project.

The following are the required procedures for submitting project changes that require prior approval.

Via Email

The following items require a written notification via email.

Change in Grant Project Contact

When it is necessary to change the Grant Project Contact for a period of more than three consecutive months, you must submit a written notification (email is acceptable) to MDA. The notification must contain the new individual's name and contact information.

Change in Budget

~~For changes in Subrecipient's budget that equal less than 20% of the budgeted amount (either by cost category or total budget), Subrecipient must notify SCBG Program Manager via email, providing justification for the change and amounts, and await approval before proceeding with the change.~~

Via Templates

The following items require a written request, using the appropriate template, and approval from SCBG Program Manager before proceeding with the change. Completed templates must be submitted via email in the original template form (Microsoft Word); PDFs cannot be accepted.

Change in Scope or Objectives

~~Scope of Work (SOW) amendments may be required when SOW activities, milestones, dates, and/or deliverables change. Requests for amendments must be made in writing, using the Scope of Work Amendment Template, and provide sufficient information to explain the need and how the change affects the project. Revision requests must be signed by Grant Project Contact, and approved by SCBG Program Manager.~~

A change Scope of Work (SOW) is defined as any modification to the project purpose, expected measurable outcomes, or substantial change the proposed work plan activities of an award. To change the scope of work, the subgrantee must submit a request for amendment in writing using the Scope of Work Amendment Template. The request must provide sufficient information to explain the need and how the change affects the project. Revision requests must be signed by Grant Project Contact, and approved by SCBG Program Manager.

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

- Transfer of project work to a third party through a contract, sub-grant, or any other means.
- Replacement or changes in the status of the Principal Investigator or Grant Project Contact such as withdrawing from the project entirely, being absent during any continuous period of three months or more, or reducing the time base by 25% or more.
- The addition or deletion of activities, deliverables, or a contractor/consultant.
- Change of Subrecipient, Subrecipient organization name, or Subrecipient organizational status.

Change in Budget

If a project budget adjustment is needed during the project period, a written request, using the [Budget Amendment Template](#), may be made to MDA to reallocate budget funds between budget categories. However, the total budget amount as dictated by the approved grant award cannot be adjusted, unless MDA and Subrecipient mutually agreed to a formal budget amendment. **No deviation from the approved budget will be allowed without prior approval by the Program Manager. If accumulative budget adjustments exceed 20% of the total budget, an amendment to the grant agreement will be necessary.** A [revised scope of work](#) may also be required.

Deviation from the Approved Budget

As a general rule, subgrantees may deviate from their approved budget without submitting any formal notification to MDA. However, there are several instances under which a subgrantee must request prior approval from MDA to deviate from their budget. These situations are:

1. [A budget deviation that represents an equipment purchase that was not included in the USDA approved budget.](#)
2. [When the subgrantee wishes to request a reimbursement in a category that, in the proposal approved by USDA, had not been budgeted.](#)
3. [A budget deviation that represents a significant change in the scope of the project.](#)
4. [When a budget deviation is the result of a change in the principal investigator assigned to the project.](#)

[MDA reserves the right to withhold payment on any request that would cause, cumulatively or in a single transaction, a deviation from the approved budget greater than an amount equal to 20% of the federal share of the grant. Payment may be withheld until such time that a budget amendment request has been submitted and reviewed.](#)

[Additionally, any budget change that would result in an increase in the total awarded amount to the project must be approved by MDA and subrecipient in a contract amendment signed by both parties.](#)

Audit Requirements

Subrecipients (other than for-profits) 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). Subrecipient must follow a systematic method for ensuring timely and appropriate resolution of audit findings and recommendations.

If required, Subrecipient must submit the most recent Single Audit to MDA 30 days after completion of the audit. If Subrecipient does not submit the Single Audit, MDA will conduct a Program Specific Audit following GAGAS within 60 days after the end date of the grant agreement.

National Policy Requirements

This section addresses national policy requirements applicable to SCBG applications and/or awards. These requirements are in addition to the pre-award requirements specified in the SCBG Grant Proposal Manual. 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 Subrecipients or contractors under grants, in general, or may relate to the expenditure of Federal funds for specified activities, e.g., research.

See the following chart for applicable national policy requirements.

Title	Requirement
<p>Debarment and Suspension</p>	<p>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 MDA and/or USDA grants or be paid from MDA and/or USDA grant funds, whether under an award, subaward, or contract. Charges made to the SCBG 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.</p> <p>You are required to disclose if any of the following conditions apply to Subrecipient or principals, including all key grant management personnel:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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.

Title	Requirement
	<p>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. Subrecipient is required to comply with the requirements of Subpart C of 2 CFR part 180 that provides Subrecipient’s responsibilities when entering into a lower-tier transaction as described above.</p>
<p>Drug-free workplace</p>	<p>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. Subrecipient 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 Subpart B of 2 CFR part 421.</p>
<p>Lobbying</p>	<p>Subrecipient must comply with 31 U.S.C. 1352, “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 7 CFR part 3018, 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"> • have not made, and will not make, such a prohibited payment; • will be responsible for reporting the use of non-appropriated funds for such purposes; • will file quarterly updates about the use of lobbyists if material changes occur; and • 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. <p>An SF-LLL “Disclosure of Lobbying Activities” is required for each payment made to any lobbying entity for influencing or attempting to influence an officer or employee</p>

Title	Requirement
	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.
Officials not to benefit	Subrecipient 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 41 U.S.C. 22 .
Trafficking	Subrecipient must comply with 2 CFR part 175 , Award Term for Trafficking in Persons.
System for Award Management and Universal Identifier Requirements (DUNS Number)	Subrecipient must comply with 2 CFR part 25 , System for Award Management and Universal Identifier Requirements. Subrecipients, with the exception of individuals, may not receive a subaward unless the entity has provided its DUNS number to MDA.
Reporting Subaward and Executive Compensation	<p>Subrecipient must comply with 2 CFR part 170, Reporting Subaward and Executive Compensation Information. Reporting Awards and Executive Compensation.</p> <p>Subrecipient must report each action that obligates \$25,000 or more in SCBG funds for a grant to an entity.</p> <p>Additionally, MDA must report the names and total compensation of a Subrecipient’s five most highly compensated executives for the Subrecipient’s preceding completed fiscal year if, but only if, (i) the Subrecipient received \$25 million or more in annual gross revenues and 80% or more of its annual gross revenues from federal procurement contracts and certain federal financial assistance during the preceding fiscal year and (ii) the public does not have access to information about the compensation of the executives through SEC reports. Subrecipients meeting these conditions must provide the required information to MDA when they execute a Grant Agreement.</p>

Property Management

Subrecipient must obtain [prior approval](#) from the MDA in advance for the acquisition of special purpose equipment.

Title to special purpose equipment and supplies acquired by Subrecipient will vest, upon acquisition, in Subrecipient. Subrecipient must provide the equivalent insurance coverage for equipment acquired with Federal funds.

Subrecipient is subject to the full range of acquisition, use, management, and disposition requirements of [7 CFR parts 3019.34](#) and [3019.35](#) or [7 CFR parts 3016.32](#) and [3016.33](#) as applicable.

Use

- 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 MDA
- 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
- Develop control procedures and safeguards to prevent loss, damage, and theft
- Develop adequate maintenance procedures to keep the equipment in good condition

Records

- 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

Disposition

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, Subrecipient may retain, sell, or dispose of equipment with no further obligation to the MDA.

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, Subrecipient may retain the equipment and supplies or they may be sold. Subrecipient must cooperate with [SCBG Program Manager](#) to complete the process properly.

MDA will provide Subrecipient with disposition instructions for the special purpose equipment and/or supplies. The disposition instructions will inform Subrecipient of the amount owed to MDA, calculated by multiplying the current market value or proceeds from sale of the equipment and/or supplies by USDA-AMS's percentage of participation in the cost of the original purchase. If the equipment and/or supplies is sold, MDA will permit 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.

Procurement Management

Subrecipient may acquire a variety of commercially available goods or services in connection with a grant-supported project or program. Subrecipient 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 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 3019.40 through 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 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 Subrecipient's overall responsibility for the direction of the project or program and accountability to MDA. Therefore, the contract must reserve sufficient rights and control to Subrecipient to enable it to fulfill its responsibilities.

Inventions, Patents & Copyright

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 Subrecipient 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.](#)).

Subrecipient and contractors may retain title to any invention conceived of or first actually reduced to practice using SCBG funds provided they do the following:

- Report all subject inventions to MDA
- 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, Subrecipient and contractors own the rights to data resulting from a grant-supported project. Any publications, data, or other copyrightable works developed under an SCBG may be copyrighted without prior approval from MDA.

In all cases, whether SCBG funded all or part of the project or program resulting in the data, USDA-AMS and MDA reserve a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use and to authorize others to use for government purposes (i) the copyright in any work developed under a grant and (ii) any rights of copyright to which a grantee purchases ownership with grant support.

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.

Publicity and Acknowledgement

Subrecipients will acknowledge MDA's SCBG support whenever projects funded, in whole or in part, are publicized in any news media, brochures, publications, audio visuals, or other types of promotional material. A copy of the publication acknowledging MDA's SCBG support should be submitted to MDA for its files.

State Acknowledgement

Statements other than those below will require [SCBG Program Manager](#) approval prior to publication:

- “This project is possible with funding from the Montana Department of Agriculture’s Specialty Crop Block Grant Program.”
- “This project is funded by the Montana Department of Agriculture’s Specialty Crop Block Grant Program.”
- “Funding provided by the Montana Department of Agriculture’s Specialty Crop Block Grant Program.”
- “This project is funded in part by the Montana Department of Agriculture’s Specialty Crop Block Grant Program.”

Federal Acknowledgement

In accordance with [7 CFR 3015.200](#), an acknowledgement of Federal support and a disclaimer may be placed on any audiovisual which has a direct production cost to Subrecipient over \$5,000.

If Subrecipient chooses to add an acknowledgement of support, it must read as follows:

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.

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.

Remedies for Non-Compliance

Subrecipient’s failure to comply with the terms and conditions of an award may cause MDA to take one or more remedies for non-compliance, depending on the severity and duration of the non-compliance. MDA will undertake any such action in accordance with applicable statutes, regulations, and policies. MDA generally will afford Subrecipient an opportunity to correct the deficiencies before taking enforcement action unless public health or welfare concerns require immediate action. However, even if Subrecipient is taking corrective action, MDA may take proactive steps to protect the Federal government’s and State of Montana’s interests.

When the special conditions are imposed, MDA will notify Subrecipient 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. MDA will promptly remove any additional requirements once Subrecipient corrects the conditions that prompted them.

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

If MDA determines that noncompliance by Subrecipient cannot be remedied by imposing specific conditions, MDA may take one or more of the remedies for noncompliance at [7 CFR part 3016.43](#) and [7 CFR part 3019.62](#).

Remedies are listed below.

Special Conditions

MDA may impose [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.

Withdraw Grant Project Contact Approval

MDA also may withdraw approval of the Grant Project Contact if there is a reasonable basis to conclude that they are no longer qualified or competent to perform. In that case, MDA may request that Subrecipient designate a new Grant Project Contact or other key personnel.

Withhold Payments

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

Disallow Costs

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

Withholding of Support

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

- Subrecipient failed to meet the terms and conditions of a previous award;
- Subrecipient 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 or State government.

If an award is withheld (denied) because a Subrecipient failed to comply with the terms and conditions of a previous award, Subrecipient may appeal that determination, by submitting a written request to MDA per [Appeals](#).

Suspension or Termination

The regulatory procedures that pertain to suspension and termination are specified in [7 CFR part 3016.43](#) and [3016.44](#) and [3019.61](#).

Suspension

MDA generally will suspend (rather than immediately terminate) a grant and allow Subrecipient an opportunity to take appropriate corrective action before making a termination decision. MDA may decide to terminate the grant if Subrecipient does not take appropriate corrective action during the period of suspension. MDA 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.

When an award is terminated or partially terminated, Subrecipient is still responsible for requirements described in [Closeout](#) and [Post Closeout Continuing Responsibilities](#).

Subrecipient may appeal the suspension decision as described in [Appeals](#).

Termination

MDA may terminate the Grant Agreement for the following causes:

1. **Failure to Drawdown:** MDA may terminate obligation of funds without further cause unless Subrecipient commences the timely drawdown of funds; initial drawdown must be made within the first year of the grant period.
2. **Failure to Comply:** MDA may terminate this agreement at any time for non-compliance with any [Contract Terms](#) or requirements set forth in the SCBG Grant Management Manual. In the event this agreement is terminated, Subrecipient, at the discretion of Department, shall return to Department all funds awarded and all results of the project to date.
3. **Failure to Perform:** Except as otherwise provided in this section, either party may terminate this agreement for failure of the other party to perform after giving thirty (30) days written notice by registered mail or personal delivery to the other party. The written notice must demand performance of the stated failure within a specified time period of not less than thirty (30) days. If the demanded performance is not completed within the specified time period, the termination is effective at the end of that specified time period.
4. **Payment for Work Performed:** Except as provided in the sections entitled "Failure to Comply" and "Failure to Perform", in the event of termination, Subrecipient shall be paid for the work performed and expenses incurred pursuant to this agreement through the date of termination, and all results of the project to the date of termination including, but not limited to, the original copies of all forms, notes, maps, specimens, photographs, and data prepared by the Subrecipient prior to termination shall become the property of Department and shall be delivered to Department.

Subrecipient may appeal the termination for cause decision as described in [Appeals](#).

Closeout

Award closeout is the process by which Subrecipient and MDA determine that all required work of the award and all necessary administrative actions have been completed. All awards 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. Closeout includes ensuring timely submission of all required reports and adjustments for amounts due to MDA.

Subrecipient must submit the documents described in the [Closeout Checklist](#) section. Failure to submit timely and accurate final reports may affect Subrecipient's future funding.

Closeout Checklist

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

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

1. Final [Performance Report](#)
2. Final [Reimbursement Request](#), if applicable
3. Refund of any balances of unobligated cash
4. [Audit Report](#), if applicable
5. [Tangible Personal Property Report](#), if applicable

Post-Closeout Continuing Responsibilities

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

- The right of MDA to disallow costs and recover funds because of a later audit or other review. Any cost disallowance determinations and notifications made by MDA must be made within the [record retention period](#).
- The obligation of Subrecipient to return any funds as a result of later refunds, corrections, or other transactions.
- [Audit requirements](#).
- [Property management requirements](#).
- [Records retention](#).

Debt Collection

MDA may administratively recover funds paid to Subrecipient in excess of the amount to which Subrecipient is finally determined to be entitled under the terms and conditions of the award, including misspent funds or unallowable costs incurred. If Subrecipient does not pay back the funds in accordance

with the demand by MDA, which specifies the period of time for repayment, MDA 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 MDA to collect debts due to the Federal government and, except where prohibited by law, to charge interest on all delinquent debts owed to MDA by Subrecipients. Per [7 CFR part 3.11\(e\)](#), MDA 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.

Appeals

MDA permits Subrecipient to appeal certain post-award adverse administrative decisions made by MDA officials. Subrecipient may appeal the following MDA 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 Subrecipient's appeal rights. As the first level in appealing an adverse determination, Subrecipient must submit a written request for review to the MDA 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.

MDA encourages all Subrecipients 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.

Record Retention & Access Requirements

Subrecipient must retain financial records, project records, and supporting documents for a period of three years from the date the Grant Agreement is closed.

Record Retention

In accordance with Federal regulations, Subrecipient must retain all records relating to the grant for a period of 3 years after the final report is received by MDA 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.

Methods for Collection, Transmission, & Storage of Information

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

Access to Records

The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and MDA, or any of their authorized representatives, shall have the right of access to any pertinent documents, papers, or other records of Subrecipient 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 Subrecipient's personnel for the purpose of interview and discussion related to such documents.

Limit of State Liability

The maximum obligation of the MDA to Subrecipient is the amount indicated in the award as obligated by MDA. Nothing in these award terms and conditions or in the other requirements of this award requires MDA 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, MDA must have unilateral right to make the correction and to make an appropriate adjustment in MDA share of the award to align with the Federal amount authorized.

Fraud, Waste & Abuse

Anyone who becomes aware of the existence (or apparent existence) of fraud, waste, or abuse related to SCBG program 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

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.