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# ***FY 2016 Specialty Crop Block Grant Program and 2015 Specialty Crop Multi-State Program General Award Terms and Conditions***

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## TABLE OF CONTENTS

<b>1.0 Overview of Award Terms and Conditions</b> .....	<b>3</b>
1.1 Common Terms and Acronyms.....	3
<b>2.0 Financial Management</b> .....	<b>3</b>
2.1 Audit Requirements .....	4
<b>3.0 Subrecipient Monitoring &amp; Management</b> .....	<b>4</b>
3.1 Accountability to the Federal Award .....	5
<b>4.0 Payments</b> .....	<b>5</b>
4.1 Types of Payments .....	5
4.2 How to Request Payments.....	5
4.3 Payments to Subrecipients .....	6
4.4 Timely Drawdown and Use of Grant Funds .....	6
<b>5.0 Financial Reporting</b> .....	<b>6</b>
<b>6.0 Interest Earned on Advances of Grant Funds</b> .....	<b>7</b>
<b>7.0 Program Income</b> .....	<b>7</b>
7.1 Use of Program Income by Pass-Throughs/Subrecipients .....	8
<b>8.0 Procurements</b> .....	<b>8</b>
<b>9.0 Allowable Costs and Activities</b> .....	<b>8</b>
9.1 Limit on Administration Costs.....	8
9.2 Allowable and Unallowable Costs and Activities .....	8
<b>10.0 Changes Requiring Prior Written Approval</b> .....	<b>19</b>
10.1 Change in Recipient Project Coordinator.....	19
10.2 Change in Recipient Project Coordinator – Time Devoted to the Project .....	20
10.3 SCMP ONLY - Change in Personnel with Primary Responsibility for Project Activities of the Multi-State Partner .....	20
10.4 Change in Scope or Objectives.....	20
10.5 One-Time Extension.....	21
10.6 Budget Change .....	21
10.7 Travel Costs of Government Officials.....	22
10.8 Pre-Award Costs.....	23
10.9 Contracting Out or Otherwise Obtaining the Services of a Third Party to Perform Activities .....	23
10.10 Specific Allowable Costs Prior Approvals .....	24
10.11 Fixed Amount Subawards .....	24
10.12 Changes to Recipient Name or Address.....	24
<b>11.0 Performance and Financial Reports</b> .....	<b>24</b>
11.1 Interim Performance and Financial Reports .....	25
11.2 Final Performance and Financial Reports .....	25
11.3 Review of Performance and Financial Reports .....	26
11.4 Public Access to Performance Reports and Information on Report Content .....	26
11.5 Disparaging Language and Protected Personally Identifiable Information (PII) .....	26
11.6 Overdue Reports.....	26
<b>12.0 Acknowledgement of Support</b> .....	<b>26</b>
<b>13.0 Property Management</b> .....	<b>27</b>
13.1 Final Disposition of Equipment and Supplies upon Closeout .....	27
<b>14.0 Administrative and National Policy Requirements</b> .....	<b>28</b>
<b>15.0 Closeout</b> .....	<b>29</b>
15.1 Closeout Checklist.....	30
15.2 Unused and Returned Funds.....	30
15.3 Record Retention .....	31
<b>16.0 Access to Records</b> .....	<b>31</b>
<b>17.0 Remedies for Noncompliance</b> .....	<b>31</b>
17.1 Special Conditions for High-Risk Recipients.....	32
<b>18.0 Appeals</b> .....	<b>32</b>
<b>19.0 Limit of Federal Liability</b> .....	<b>32</b>
<b>20.0 Fraud, Waste, and Abuse</b> .....	<b>32</b>

## 1.0 OVERVIEW OF AWARD TERMS AND CONDITIONS

These award terms and conditions apply to the Specialty Crop Block Grant Program (SCBGP) and Specialty Crop Multi-State Program (SCMP). This document will indicate if an award term or condition is only applicable to SCBGP or SCMP. Award terms and conditions are determined by statutory, regulatory, and agency requirements, as well as the administrative policies of the grant program.

Terms and conditions dictate important requirements related to your grant, including payments, reporting frequency and content, and prior approval requests. References to the terms and condition of your award are located on the AMS-33 Grant Award Face Sheet. All related documents including appendices and these terms and conditions are housed on the AMS website:

<https://www.ams.usda.gov/services/grants>.

Grant recipients work in partnership with the Agricultural Marketing Service (AMS) to ensure proper stewardship of federal funds. This includes submitting timely and accurate payment requests, monitoring project activities for compliance with grant program requirements, and submitting all required reports on time.

### 1.1 Common Terms and Acronyms

Term/Acronym	Meaning
<b>AMS</b>	Agricultural Marketing Service
<b>Award Phase</b>	Award phase includes: the Agency makes funding decisions and notifies recipients of the decisions.
<b>CMIA</b>	Cash Management Improvement Act
<b>CFDA</b>	Catalog of Federal Domestic Assistance
<b>Close-Out Phase</b>	Close-out phase includes: the submission, review, and approval of all final reports as required by specific grant program policies and federal regulations.
<b>EFT</b>	Electronic Fund Transfer
<b>FAIN</b>	Federal Award Identification Number; also known as the Grant Agreement Number
<b>GAGAS</b>	Generally Accepted Government Auditing Standards
<b>OMB</b>	Office of Management and Budget
<b>PII</b>	Protected Personally Identifiable Information
<b>Pre-Award Phase</b>	Pre-Award phase includes: the announcement of funding opportunities and encompasses the preparation, submission, and review of proposals.
<b>Post-Award Phase</b>	Post-Award phase includes: establishing accounts in the financial payment system, monitoring for compliance with applicable laws, regulations, policies, and submitting required reports.
<b>SAM.gov</b>	System for Award Management (.gov)
<b>USDA</b>	United States Department of Agriculture

## 2.0 FINANCIAL MANAGEMENT

You and your subrecipients are required to meet the standards and requirements for financial management systems set forth or referenced in [2 CFR §200.302](#).

The adequacy of your financial management system is integral to your ability to account for grant expenditures and track grant resources. You must use Federal funds in a responsible manner and apply adequate internal controls and cash management practices consistent with the requirements outlined in [2 CFR §200.303](#).

States must expend and account for funds under this award in accordance with their own State laws and procedures. Financial management systems and related records of the State and any other entity involved in the grant must be sufficiently detailed to be able to prepare reports, trace funds, and demonstrate that funds are managed in compliance with Federal statutes, regulations, and these general and other program-specific terms and conditions.

Your financial management system must provide:

- 1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. This identification must include, as applicable:
  - a. The Catalog of Federal Domestic Assistance (CFDA) title and number,
  - b. Grant Agreement Number/Federal award identification number (FAIN) and Federal fiscal year awarded,

- c. Name of the Federal agency, and
  - d. Name of the pass-through entity, if any.
- 2) Accurate, current, and complete disclosure of the financial accounting of each Federal award or program.
  - 3) Records that adequately identify the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest. Accounting records must be supported by source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contracts, and subaward documents.
  - 4) Effective control over, and accountability for, all funds, property, and other assets. You must adequately safeguard all assets and assure that they are used solely for authorized purposes.
  - 5) Comparison of expenditures with budget amounts for each Federal award.
  - 6) Written procedures to implement the requirements of [2 CFR §200.305 Payment](#), which minimize the time elapsing between the transfer of Federal funds to any non-Federal entity and the disbursement of the funds for direct program costs and the proportionate share of any allowable indirect or facilities and administrative costs.
  - 7) Written procedures for determining the allowability of costs in accordance with [2 CFR §200 Subpart E—Cost Principles](#) and the terms and conditions of this award.

You must notify your AMS point of contact when financial management problems are discovered. Deficiencies in your financial management system, whether you report them or if they are identified by AMS may result in the imposition of special award conditions, such as a high risk designation, or other requirements for increased monitoring.

## 2.1 Audit Requirements

You and your subrecipients (other than Federal agencies and for-profit recipients) are responsible to obtain audits in accordance with the audit requirements of [2 CFR Subpart F – Audit Requirements](#). The standards require any non-Federal entity that expends \$750,000 or more in Federal awards during their fiscal year to have a single or program-specific audit conducted for that year.

The audit must meet the standards specified in Generally Accepted Government Auditing Standards (GAGAS). You and your subrecipients must follow a systematic method to ensure timely and appropriate resolution of audit findings and recommendations, whether discovered because of a Federal audit or an audit initiated by the pass-through entity.

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

## 3.0 SUBRECIPIENT MONITORING & MANAGEMENT

A subaward is an award provided by a pass-through entity to a subrecipient to carry out all or part of a grant project. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

You must enter into a formal written agreement with each subrecipient that addresses the arrangements for meeting the programmatic, administrative, financial, and reporting requirements of the grant, including those necessary to ensure compliance with all applicable Federal regulations and policies. Specifically, you are responsible to include the requirements of the applicable AMS award terms and conditions in your subaward agreements as well as the provisions required under [2 CFR §200.331 REQUIREMENTS FOR PASS-THROUGH ENTITIES](#).

Please see [Appendix A to 2 CFR §170 – Award Term](#) for additional reporting requirements concerning subawards.

## 3.1 Accountability to the Federal Award

You are accountable to AMS for the performance of subawarded projects and the appropriate expenditure of Federal funds by all parties under this agreement. This includes maintaining the necessary documentation on all subawards and making it available to AMS upon request. You must include subaward activities in all performance and financial reports. In general, the requirements that apply to you as the recipient of the award also apply to your subrecipients.

If a subrecipient fails to comply with the terms and conditions of this award, you may impose special award conditions, including one or more of the corrective actions mentioned in [2 CFR §200.338](#) REMEDIES FOR NONCOMPLIANCE.

## 4.0 PAYMENTS

### 4.1 Types of Payments

#### 4.1.1 Advances

An advance payment is a payment that AMS or a pass-through entity makes before funds are disbursed for program purposes.

Requests for advance payments must be limited to amounts needed to meet actual and immediate cash needs.

#### 4.1.2 Reimbursements

Reimbursements are transfers of Federal funds to you after you pay out funds for approved project activities.

### 4.2 How to Request Payments

Email a scanned copy of the [SF-270](#), a Request for Advance or Reimbursement to the appropriate AMS grant program representative as indicated in your award letter. The recipient's authorized organizational representative must sign the SF-270.

The final payment request must be received no later than 90 calendar days after the end date of your grant agreement. The final payment request must cover expenses that were incurred within the grant period of performance.

For States, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at [31 CFR §205](#) Rules and Procedures for Efficient Federal-State Funds Transfers and [TFM 4A-2000](#) Overall Disbursing Rules for All Federal Agencies. All other non-Federal entities must meet the payment requirements in [2 CFR §200.305](#).

AMS will confirm receipt of the request for payment via email, review the request, and communicate with the recipient project coordinator (the individual indicated in block 14 of the AMS-33 Agreement Face Sheet) if there are questions or concerns. The recipient project coordinator will revise the request for payment to address the questions and concerns.

Upon approval, AMS will make payments via Electronic Fund Transfer (EFT) to the bank account specified by you in the System for Award Management at [www.sam.gov](#). If your banking information is incorrect or changes at any time during the grant period, please update your registration at [www.sam.gov](#), and notify AMS as soon as possible to ensure proper and timely deposit of funds.

AMS may request documentation to substantiate your payment requests at any time.

#### 4.2.1 SCMP ONLY - Payment Source Documentation and Other Requirements

For SCMP ONLY, In addition to the [SF-270](#), you must submit an *AMS Grant Programs Worksheet*. The worksheet must be submitted at the same time as the SF-270 for both advances and reimbursements. You can find an acceptable example of this worksheet at SF-270 Worksheet.

At any point during the grant period, AMS will determine, based on a combination of factors (initial financial capability statement, review of the SF-270 worksheet, timely submission of first and subsequent performance reports, and accuracy of SF-270 requests) whether the recipient will be required to submit original source documentation. You will be notified by AMS prior to implementing this decision. In any event, recipients must continue to collect and maintain their source documentation so it may be made available

upon request by AMS at any time during the grant period. This documentation is vital to proper management of the grant, and is one element of the grant file that, in accordance with federal regulations, must be retained for 3 years after the grant is complete.

Source documentation includes but is not limited to receipts, canceled checks, paid bills, payrolls, time and attendance records, contracts, invoices, and subaward documents. If you have a receipt or other source document that pays for a portion of the total amount indicated on the document, you must modify it to appropriately specify the expenses and total amount charged to the grant program.

The *SF-270 Worksheet* must provide the following:

#### **Overall Agreement Information**

- Grant Agreement Number
- Recipient Organization
- Recipient Contact
- Time Period of the Request

#### **Individual Expense Information**

- Payee name
- Date of Expense
- Amount
- Assigned Budget category
- Any Notes to explain the expense
- If the original receipt is available

### **4.3 Payments to Subrecipients**

If you subaward or subcontract AMS grant funds, as the pass-through entity you must provide your subrecipients with written procedures for requesting funds from you, including dollar amount, method and schedule of payment, type of supporting documentation required, and procedures for review and approval of expenditures of grant funds.

You must minimize the time elapsing between the transfer of cash advances and the actual disbursement of funds by your subrecipients. If you or your subrecipients cannot meet these requirements, payments should be requested on a reimbursement basis.

### **4.4 Timely Drawdown and Use of Grant Funds**

AMS may reduce your grant award funds without further cause if you do not drawdown funds in the first year of the grant period, and at reasonable intervals thereafter. You must schedule your payment requests so that all grant funds are obligated (encumbered) by the end date of the grant agreement and liquidated within 90 calendar days after. If you have received funds and have not obligated them by the end date of the grant agreement, you must immediately refund to AMS any unobligated (unencumbered) balance of cash.

## **5.0 FINANCIAL REPORTING**

You must submit a Federal Financial Report ([SF-425](#)) with your interim and final performance reports as directed in [11.0 Performance and Financial Reports](#). The SF-425 should reflect the cumulative financial activity, through the grant period covered in the report. The final SF-425 should reflect cumulative financial activity for the entire grant period.

The authorized organization representative must sign the SF-425 and submit the form via email to the appropriate AMS grant program representative as indicated in your award letter. The original form should be retained in your program file.

When you submit a revised final SF-425 that results in additional monetary claims, AMS will determine approval based on whether the revised costs are allowable and necessary, and if there are funds remaining. You must also explain what internal controls you are implementing that will preclude similar occurrences in the future.

## 6.0 INTEREST EARNED ON ADVANCES OF GRANT FUNDS

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

For your non-federal entities other than states, if you accrue interest on an advance of grant funds that amounts up to \$500 per year, you may retain it for administrative expenses. You must remit any additional interest earned on Federal advance payments deposited in interest-bearing accounts annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interested earned on Federal funds. Since the payment does not originate from PMS, you must include pertinent AMS information. The remittance must be submitted as outlined in the following examples:

### ACH Returns Example:

Routing Number: 051036706  
Account Number: 303000  
Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

**Fedwire Returns Example:** (Please note organization initiating payment is likely to incur a charge from your Financial Institution for this type of payment)

Routing Number: 021030004  
Account Number: 75010501  
Bank Name and Location: Federal Reserve Bank Treas NYC/Funds Transfer Division New York, NY

If you do not have the ability to remit funds electronically, please make your check payable to: *The Department of Health and Human Services*.

Mail Check to Treasury approved lockbox:

HHS Program Support Center  
P.O. Box 530231  
Atlanta, GA 30353-0231

Please allow 4-6 weeks for processing of a payment by check to be applied to the appropriate PMS account.

Any additional information/instructions may be found on the PMS Website at <http://www.dpm.psc.gov/>.

## 7.0 PROGRAM INCOME

Program income is gross income earned during the grant period by you or your subrecipients resulting from activity supported by a Federal award. 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. Royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works is not subject to this section.

You must add the program income you accrue during the period of performance to the project or program and use these funds to further the purpose of the applicable grant program.

All program income must be recorded on the Federal Financial Report ([SF-425](#)) for the period in which it was earned. You are not accountable for program income earned after the grant agreement period of performance.

## 7.1 Use of Program Income by Pass-Throughs/Subrecipients

If you award funds to subrecipients, you as the pass-through entity are responsible for determining how your subrecipients use program income. Uses of program income in accordance with [2 CFR §200.307\(e\)](#) must be included in your program announcement or award terms and conditions. If you do not specify how your subrecipients must use program income, the program income is added to funds committed to the total project costs and should be used to further eligible project or program activities.

## 8.0 PROCUREMENTS

You and your subrecipients may acquire commercially available goods or services in connection with a grant project. In doing so, you must use your own documented procurement procedures which may reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards [2 CFR §200.318](#) GENERAL PROCUREMENT STANDARDS through [§ 200.326](#) CONTRACT PROVISIONS.

- **State recipients** must follow the same policies and procedures the State uses for procurements from non-Federal funds. The State will comply with [2 CFR §200.322](#) PROCUREMENT OF RECOVERED MATERIALS and ensure that every purchase order or other contract includes any applicable provisions described in [Appendix II of 2 CFR §200](#).
- **All other non-Federal recipients and subrecipients**, including subrecipients of a state, must follow [2 CFR §200.318](#) GENERAL PROCUREMENT STANDARDS through [§200.326](#) CONTRACT PROVISIONS.
- The requirements of the Federal award also apply to any subcontract. You are responsible to ensure that all of your contracts made in connection with the AMS project contain the applicable provisions described in [Appendix II of 2 CFR §200](#).

## 9.0 ALLOWABLE COSTS AND ACTIVITIES

### 9.1 Limit on Administration Costs

Administration costs are defined as indirect costs and are limited to eight (8) percent of the total Federal funds provided under the award per [section 10010\(4\) of the Agricultural Act of 2014, Public Law 113-79](#). If the State takes indirect costs up to eight (8) percent, individual subrecipient project budgets may, at the discretion of the State department of agriculture, claim the remaining portion of the indirect costs not to exceed eight percent of that project's budget. For SCMP, the apportionment of the eight (8) percent indirect costs between participating State departments of agriculture and the multi-state partners in the project will be negotiated during the pre-award period.

Direct charging of these costs may be appropriate where the following conditions are met:

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

*Indirect costs* (also known as “facilities and administrative costs”—defined at [2 CFR §200.56](#)) represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. Refer to [2 CFR §200.413](#) and [414](#) for additional information on determining if costs charged to the award are direct or indirect.

### 9.2 Allowable and Unallowable Costs and Activities

The following table summarizes allowable and unallowable costs in common categories of AMS project budgets. This section is not intended to be all-inclusive. Reference [Subpart E-Cost Principles of 2 CFR part 200](#) for a complete explanation of the allowability of costs. If you have questions concerning the allowability of costs after reviewing this section, contact your AMS representative.



Item	Description
<b>Alcoholic Beverages</b>	<p><i>Unallowable</i> for alcoholic beverages except when the costs are associated with enhancing the competitiveness of an eligible processed specialty crop product (products prepared or created for the purposes of promoting a specialty crop but that require other ingredients are considered a processed product). A processed product is defined as a product that constitutes greater than 50% of the specialty crop by weight, exclusive of added water.</p>
<b>Aquaponics</b>	<p><i>Allowable</i> as long as the cultivated crops are eligible specialty crops and the focus of the project is on the specialty crops and not the fish.</p> <p><u>Projects that are Acceptable</u></p> <ul style="list-style-type: none"> <li>• A project to determine whether carp, catfish, or tilapia are best for growing lettuce is acceptable.</li> <li>• A project to market broccoli grown through aquaponics is acceptable.</li> <li>• A project to compare the quality of lettuce grown in water to lettuce grown in a greenhouse is acceptable.</li> </ul> <p><u>Projects that are NOT Acceptable</u></p> <ul style="list-style-type: none"> <li>• A project to study whether lettuce or tomato produced the highest yield of tilapia is not acceptable.</li> <li>• A project to farm fish using an aquaponics system and then sell the fish is not acceptable.</li> <li>• A project to grow specialty crops where both the specialty crops and the fish are sold is not acceptable.</li> </ul> <p>For more information on constructing or purchasing an aquaponics system, see <a href="#">Equipment-General Purpose</a> and <a href="#">Equipment – Special Purpose</a>.</p>
<b>Conferences</b>	<p><i>Allowable</i> for costs of conferences as defined in <a href="#">2 CFR 200.432</a>. Allowable conference costs paid by the recipient or subrecipient as a sponsor or host of the conference may include rental of facilities, speakers’ fees, costs of meals (see <a href="#">Meals</a> for restrictions), and refreshments, local transportation, and other items incidental to such conferences with the exception of entertainment costs that are unallowable. If registration fees are collected, the recipient or subrecipient must report fees as program income (See <a href="#">Program Income</a>).</p> <p>AMS encourages the use of technologies such as webinars, teleconferencing, or videoconferencing as an alternative to renting a building or a room.</p>
<b>Construction and Renovation and Land or Building Acquisition</b>	<p><i>Unallowable</i> for the acquisition of buildings, facilities, or land or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations of an existing building or facility (including site grading and improvement, and architecture fees).</p> <p>Building means any permanent structure that is designed or intended for support, enclosure, shelter or protection of person, animals or property having a permanent roof</p>

Item	Description
	that is supported by columns or walls.
<b>Contractual/Consultant Costs (Professional Services)</b>	<p><i>Allowable subject to limitations below.</i> Contractual/consultant costs are the expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the recipient in the form of a procurement relationship.</p> <p><i>Allowable</i> for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in your area (refer to: <a href="http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/general-schedule/">http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/general-schedule/</a>). This does not include fringe benefits, travel, indirect costs, or other expenses. Please note that any statutory limitations on indirect costs also apply to contractors and consultants.</p> <p>If rates exceed this amount, one of the following justifications must be provided:</p> <ul style="list-style-type: none"> <li>• A description of the steps taken to hire a contractor, including a cost/price analysis. The purpose of the analysis is to review and evaluate each element of cost to determine reasonableness, allocability, and allowability.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>• Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. Therefore, the selected contractor's specialized qualifications necessitate hiring at a rate beyond a GS-15 step 10. (Please outline the unique qualifications of the contractor.)</li> </ul>
<b>Contributions and Donations</b>	<p><i>Unallowable</i> for contributions or donations, including cash, property, and services, from the recipient or subrecipient to other entities.</p> <ul style="list-style-type: none"> <li>• A non-profit entity using grant funds to purchase produce to donate to other entities and individuals is unallowable.</li> </ul>
<b>Entertainment</b>	<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>
<b>Equipment, Buildings, and Land</b>	<p><i>Unallowable</i> for acquisition costs of general purpose equipment, vehicles, buildings and land.</p> <p><i>Allowable with conditions</i> for renting or leasing of general purpose equipment, buildings, vehicles, and with prior approval for land (see <a href="#">10.9 Specific Allowable Costs Prior Approvals</a>). The lease or rental agreement must terminate at the end of the grant cycle.</p> <p>For vehicle and equipment leases or rentals with an acquisition cost that equals or exceeds \$5,000, rates should be in light of such factors as: rental costs of comparable vehicles and equipment, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the vehicle or equipment leased.</p> <p><i>Allowable with prior approval</i> (see <a href="#">10.9 Specific Allowable Costs Prior Approvals</a>) for acquisition costs and rental costs of special purpose equipment provided the following criterion is met:</p> <ol style="list-style-type: none"> <li>1. Necessary for the research, scientific, or other technical activities of the grant</li> </ol>

Item	Description
	<p>award;</p> <ol style="list-style-type: none"> <li>2. Not otherwise reasonably available and accessible;</li> <li>3. The type of equipment is normally charged as a direct cost by the organization;</li> <li>4. Acquired in accordance with organizational practices;</li> <li>5. Must only be used to solely enhance the competitiveness of specialty crops;</li> <li>6. More than one single commercial organization, commercial product, or individual must benefit from the use of the equipment;</li> <li>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; and</li> <li>8. Equipment is subject to the full range of acquisition, use, management, and disposition requirements under <a href="#">2 CFR part 200.313</a> as applicable.</li> </ol> <p><b><u>Equipment Definitions</u></b></p> <p>Equipment is defined as tangible personal property (including 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 by the non-Federal entity for financial statement purposes, or \$5,000. Recipients and subrecipients purchasing equipment are encouraged to use funds to purchase only American-made equipment or products.</p> <p>Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means 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.</p> <p>General Purpose Equipment means equipment that is not limited to technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.</p> <p>Special Purpose Equipment is equipment used only for research or technical activities. Examples include grape harvesters, high tunnels, fruit or vegetable coolers, vegetable washing machines, fruit or vegetable processing equipment, etc.</p>
<b>Fines, Penalties, Damages and Other Settlements</b>	<i>Unallowable</i> for costs resulting from violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations.
<b>Fixed Amount Subawards</b>	<i>Allowable</i> with prior approval from AMS (see <a href="#">10.11 Fixed Amount Subawards</a> ). A pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in <a href="#">2 CFR 200.201</a> .
<b>Foreign Travel</b>	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

Item	Description
	<p>administered by the Foreign Agricultural Service (FAS) or funded through the State-Regional Trade Groups. AMS recommends that applicants search the FAS database of Global Agricultural Information Network (GAIN) reports (<a href="http://gain.fas.usda.gov/Pages/Default.aspx">http://gain.fas.usda.gov/Pages/Default.aspx</a>) to ensure that proposals will not duplicate information that already exists. Any proposal involving foreign travel must be well justified.</p> <p><i>Allowable</i> with prior approval for travel costs of government officials per <a href="#">2 CFR part 200.444</a> (see <a href="#">10.7 Travel Costs of Government Officials</a>). See <a href="#">Travel</a> in this table for more information on travel costs.</p>
<b>Fundraising</b>	<p><i>Unallowable</i> for organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used. This includes salaries of personnel involved in activities to raise capital.</p>
<b>General Costs of Government</b>	<p><i>Unallowable</i> for:</p> <ol style="list-style-type: none"> <li>1) Salaries and expenses of the Office of the Governor of a state or the chief executive of a local government or the chief executive of an Indian tribe;</li> <li>2) Salaries and other expenses of a state legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;</li> <li>3) Costs of the judicial branch of a government;</li> <li>4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation (however, this does not preclude the allowability of other legal activities of the Attorney General as described in <a href="#">§200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements</a>); and</li> <li>5) Costs of other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost under a program statute or regulation.</li> </ol>
<b>Goods or Services for Personal Use</b>	<p><i>Unallowable</i> for costs of goods or services for personal use of the recipient's or subrecipient's employees regardless of whether the cost is reported as taxable income to the employees.</p>
<b>Health and Nutrition Messaging</b>	<p><i>Allowable</i> when health and nutrition information complies with regulations and policies of the:</p> <p><i>Federal Trade Commission</i>  <a href="http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection">http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection</a></p> <p>AND</p> <p><i>U.S. Food and Drug Administration</i>  <a href="http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/default.htm">http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/default.htm</a>.</p>

Item	Description
	<p>Nutrition and health claims must be truthful, not misleading or deceptive, and include adequate disclaimers if appropriate.</p> <p>Health and nutrition information should align with the most up-to-date <a href="#">Dietary Guidelines</a>.</p>
<p><b>Information Technology Systems</b></p>	<p><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 the recipient or subrecipient for financial statement purposes or \$5,000. Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. Acquisition costs for software includes those development costs capitalized in accordance with GAAP.</p> <p>Information technology systems include computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. Computing devices means 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>
<p><b>Insurance and Indemnification</b></p>	<p><i>Allowable</i> as indirect costs for insurance and indemnification.</p>
<p><b>Lobbying</b></p>	<p>The recipient should obtain an advance understanding with AMS if it intends to engage in certain activities intended to influence Federal, State or local government entities.</p> <p><i>Unallowable</i> for:</p> <p>(1) Attempts to influence the outcomes of any Federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;</p> <p>(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections in the United States;</p> <p>(3) Any attempt to influence:</p> <ul style="list-style-type: none"> <li>a) The introduction of Federal or state legislation;</li> <li>b) The enactment or modification of any pending Federal or state legislation through 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);</li> <li>c) The enactment or modification of any pending Federal or state legislation 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</li> </ul>

Item	Description
	<p>any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or</p> <p>d) Any government official or employee in connection with a decision to sign or veto enrolled legislation;</p> <p>(5) 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.</p> <p><i>Allowable</i> activities directly related to the performance of a grant include:</p> <p>(1) Technical and factual presentations on topics 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 thereof), 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 non-Federal entity's member of Congress, legislative body or a subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section 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 hearings;</p> <p>(2) Any lobbying made unallowable by <a href="#">2 CFR 200.450(c)(1)(iii)</a> to influence state legislation in order to directly reduce the cost, or to avoid material impairment of the non-Federal entity's authority to perform the grant, contract, or other agreement; or</p> <p>(3) Any activity specifically authorized by statute to be undertaken with funds from the Federal award.</p> <p>(4) 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. <a href="#">§§501(c)(3), 501(h), 4911(a)</a>, including:</p> <ul style="list-style-type: none"> <li>a) Nonpartisan analysis, study, or research reports;</li> <li>b) Examinations and discussions of broad social, economic, and similar problems; and</li> <li>c) Information provided upon request by a legislator for technical advice and assistance, as defined by <a href="#">I.R.C. §4911(d)(2)</a> and <a href="#">26 CFR 56.4911-2(c)(1)-(c)(3)</a>.</li> </ul>
<b>Meals</b>	<p><i>Unallowable</i> for business meals when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered an entertainment cost.</p> <p><i>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</p>

Item	Description
	<p>will impose arduous conditions on the meeting participants.</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 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>
<b>Memberships, Subscriptions, and Professional Activity Costs</b>	<p><i>Unallowable</i> for costs of membership in any civic or community organization.</p> <p><i>Allowable</i> for costs of membership in business, technical, and professional organizations.</p>
<b>Organization Costs</b>	<p><i>Allowable</i> with prior approval for organization costs per <a href="#">2 CFR 200.455</a> (see <a href="#">10.10 Specific Allowable Costs Prior Approvals</a>).</p> <p><i>Unallowable</i> for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.</p>
<b>Participant Support Costs</b>	<p><i>Allowable</i> for such items as stipends or subsistence allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with approved conferences, training projects, and focus groups.</p> <p>See also <a href="#">Selling and Marketing - Coupons, Incentives or Other Price Discounts</a>.</p>
<b>Political Activities</b>	<p><i>Unallowable</i> for development or participation in political activities in accordance with provisions of the Hatch Act (<a href="#">5 U.S.C. 1501-1508</a> and <a href="#">7324-7326</a>).</p>
<b>Pre-Award (Pre-Agreement Costs)</b>	<p><i>Allowable</i>, if such costs are necessary to conduct the project or program, and would be allowable under the grant, if awarded.</p> <p>A recipient may incur pre-award costs 90 calendar days before AMS makes the award without prior approval from AMS. Expenses more than 90 calendar days pre-award require AMS prior approval (see <a href="#">10.8 Pre-Award Costs</a>). All costs incurred before AMS makes the award are at the recipient's risk. The incurrence of pre-award costs in anticipation of an award imposes no obligation on AMS to award funds for such costs.</p>
<b>Printing and Publications</b>	<p><i>Allowable</i> to pay the cost of preparing informational leaflets, reports, manuals, and publications relating to the project; however the printing of hard copies is discouraged.</p>
<b>Rearrangement and Reconversion Costs</b>	<p>Rearrangement and reconversion costs are those incurred in restoring or rehabilitating the non-Federal entity's facilities to approximately the same condition existing immediately before the start of the grant agreement, less costs related to normal wear and tear.</p> <p><i>Allowable</i> as indirect costs incurred for ordinary and normal rearrangement and</p>

Item	Description
	<p>alteration of facilities.</p> <p><i>Allowable</i> as direct costs with prior approval for special arrangements and alterations costs incurred specifically for the award (see <a href="#">10.10 Specific Allowable Costs Prior Approvals</a>).</p>
<b>Salaries and Wages</b>	<p><i>Allowable</i> as part of employee compensation for personnel services in proportion to the amount of time or effort an employee devotes to the grant project during the grant period 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 projects 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).</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> <ul style="list-style-type: none"> <li>• SCBGP Example: Salaries and wages for a farmers’ market manager to manage and advertise a farmers market that includes non-specialty crop items is unallowable, while salaries and wages for personnel to conduct a cooking demonstration on how to prepare fruits and vegetables is allowable.</li> </ul>
<b>Selling and Marketing Costs</b>	<p><i>Allowable with conditions (see specific costs below)</i> if the primary purpose is to promote the sale of an eligible specialty crop by either stimulating interest in a particular specialty crop or disseminating technical information or messages for the purpose of increasing market share for the specialty crops.</p>
<b>Selling and Marketing Costs – Promotion of an Organization’s Image, Logo, or Brand Name</b>	<p><i>Unallowable</i> for costs designed solely to promote the image of an organization, general logo, or general brand rather than eligible specialty crops.</p> <ul style="list-style-type: none"> <li>• A promotional campaign to increase sales of “STATE/COUNTY Grown” Watermelon is acceptable while increasing brand awareness of “XYZ Grown” generically is not.</li> <li>• Promoting tomatoes while including an organization’s logo in the promotion is acceptable, while generally promoting an organization’s logo is not.</li> <li>• Promotional items could say “Buy STATE/COUNTY Grown Apples” but not “XYZ Grown”, which promotes XYZ generically.</li> <li>• A promotional campaign to increase producer sales of “STATE/COUNTY Grown fruits and vegetables” is acceptable while increasing membership in “STATE/COUNTY Grown” generally is not.</li> </ul>
<b>Selling and Marketing Costs – Promotion of</b>	<p><i>Unallowable</i> for costs for promotion at non-specialty crop specific venues, tradeshow, events, meetings, programs, conventions, symposia, seminars, etc.</p>



Item	Description
<b>Non-Specialty Crop Activities</b>	<ul style="list-style-type: none"> <li>• Advertisements could say “Buy Sweet Corn! It is the Best!” but not “Buy Local!”</li> <li>• Advertising educational sessions at a conference that solely benefits specialty crop growers are acceptable, while advertising a non-specialty crop specific local food conference is not.</li> </ul>
<b>Selling and Marketing Costs – Promotional Items, Gifts, Prizes, etc.</b>	<i>Unallowable</i> for promotional items, swag, gifts, prizes, memorabilia, and souvenirs.
<b>Selling and Marketing Costs – Sponsorships</b>	<i>Unallowable</i> for costs associated with sponsorships. A sponsorship is a form of advertising in which an organization uses grant funds to have its name and/or logo associated with certain events and where the organization does not necessarily know how the funds associated with sponsorship costs will be used. These costs are considered a contribution or donation and only benefit the organization offering funding. This limits the beneficiaries to the sponsor organization, which conflicts with the restriction that projects affect and produce measurable outcomes for the specialty crop industry and/or the public rather than a single organization, institution, or individual.
<b>Selling and Marketing Costs – Coupons, Incentives or Other Price Discounts</b>	<p><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 (i.e., a print advertisement that contains a clip-out coupon) are allowable only if they solely promote the specialty crop rather than promote or benefit a program or single organization.</p> <p>See also <a href="#">Participant Support Costs</a>.</p>
<b>Selling and Marketing Costs – Use of Meeting Rooms, Space, Exhibits for Non-Specialty Crop Activities</b>	<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"> <li>• Supporting the participation of raspberry and blueberry producers at a non-specialty crop specific international trade show to promote berries to an international audience is allowable, while renting a booth space for berry producers as well as wheat producers at an international trade show is not allowable.</li> <li>• Supporting the participation of farmers’ market managers at a national conference that is not specific to specialty crops is not allowable.</li> <li>• Supporting a portion of a national conference that is not specific to specialty crops is not allowable, while supporting a session on specialty crops at a national conference that is not specific to specialty crops is allowable.</li> <li>• Funding an “XYZ State Grown” booth at a specialty crop-specific venue where all exhibitors in the booth are specialty crop producers is allowable, but funding an “XYZ Grown” booth at a non-specialty crop specific venue is not allowable.</li> </ul>
<b>Selling and Marketing</b>	<i>Allowable</i> for costs promoting the specialty crops in processed products (products

Item	Description
<b>Costs – Cookbooks, Cooking Demonstrations, Recipe Cards, Food Pairings</b>	<p>prepared or created for the purposes of promoting a specialty crop but that require other ingredients are considered a processed product). A processed product is defined as a product that constitutes 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 means a product closely associated with a specialty crop product, the purchase of one encouraging consumers to buy the other (i.e., cheese and wine).</p>
<b>Supplies and Materials, Including Costs of Computing Devices</b>	<p><i>Allowable</i> for costs incurred for materials, supplies, and fabricated parts necessary to carry out a grant project. 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 grant activities may be charged as direct costs.</p> <p>A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or \$5,000, regardless of the length of its useful life. In the specific case of computing devices, charging as direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the grant project. Where federally-donated or furnished materials are used in grant activities, such materials will be used without charge.</p>
<b>Training</b>	<p><i>Allowable</i> for the State department of agriculture recipient when training is directly related to Federal grants management in proportion to the amount of time and effort expended by the trainee on the grant program.</p> <p><i>Allowable</i> when the training is required to meet the objectives of the grant project.</p>
<b>Travel</b>	<p><i>Allowable</i> when travel costs are limited to those allowed by formal organizational policy; in the case of air travel, the lowest reasonable commercial airfares must be used.</p> <p><i>Allowable</i> with prior approval for travel costs of government officials per <a href="#">2 CFR part 200.444</a> (see <a href="#">10.7 Travel Costs of Government Officials</a>).</p> <p>Recipients and subrecipients that do not have formal travel policies and for-profit subrecipients' allowable travel costs may not exceed those established by the Federal Travel Regulation, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at <a href="http://www.gsa.gov">http://www.gsa.gov</a>. If a recipient or subrecipient organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p> <p>Recipients and subrecipients are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance.</p> <p>Consideration should be given to the use of alternative technologies such as</p>

Item	Description
	<p>teleconferencing or videoconferencing if they are available, appropriate for the project, and less costly.</p> <p><i>Unallowable</i> for travel costs for conferences, venues, tradeshow, events, meetings, programs, conventions, symposia, workshops seminars, etc. that include non-specialty crop activities such as farmers' market annual conferences and general marketing tradeshow where these costs cannot be specifically identified and easily and accurately traced to activities that solely enhance the competitiveness of specialty crops.</p> <ul style="list-style-type: none"> <li>• Example: Travel costs for personnel to travel to a farmers' market conference are unallowable, while travel to a vegetable food safety educational session is allowable.</li> </ul>

## 10.0 CHANGES REQUIRING PRIOR WRITTEN APPROVAL

AMS anticipates that as you progress through your project, you may require modifications to accomplish the project objectives. You have some degree of latitude to re-budget within and between budget categories to meet unanticipated needs, and to make other types of post-award changes. However, in some cases, you are required to request prior written approval from AMS in advance of a change or obligation of funds. If applicable, you must include procedures for your subrecipients to follow when submitting a request to you for a change that requires prior written approval. Requests for prior written approval must be submitted via email to your AMS representative. AMS is in the process of implementing a grants management system. Once the system is implemented, AMS will notify you of any changes as to how prior approval requests are submitted and approved.

Every request for a prior written approval must include the following information:

1. Grant agreement number;
2. Project title;
3. Name of the recipient organization;
4. Project contact; and
5. Email from the recipient project coordinator.

There may be some instances in which multiple prior approvals occur at one time. For example, a change in scope or objective may prompt a change in the budget or specific costs that require prior approval. If this occurs, it is acceptable to combine several prior approval requests into one request. The requests must contain the required information listed in the applicable sections below.

AMS will confirm receipt of the request, review the request, and communicate with the recipient project coordinator if there are questions or concerns. The recipient project coordinator will have the opportunity to revise the prior approval request to address the questions and concerns. Once approved, AMS will email the recipient project coordinator with the approval.

If you have a question concerning prior written approval, contact the appropriate AMS grant program representative identified in your award letter.

### 10.1 Change in Recipient Project Coordinator

You must request prior written approval if there is a change in the State department of agriculture recipient project coordinator listed on the grant agreement in box 14 of the AMS-33, Grant Agreement Face Sheet. The request must contain:

1. The name of the recipient project coordinator being replaced and the new recipient project coordinator, name and contact information;
2. The qualifications of the new recipient project coordinator;
3. The capacity in which the new recipient project coordinator will serve;
4. Written notification from the new recipient project coordinator signifying his/her willingness to serve on the project; and

5. The effective date.

## 10.2 Change in Recipient Project Coordinator – Time Devoted to the Project

You must request prior written approval if the recipient project coordinator listed on the grant agreement in box 14 of the AMS-33, Grant Agreement Face Sheet disengages from the project for a period of more than 3 months; reduces the time devoted to managing the project by 25 percent (25%) or more; or severs his/her connection to the activities of the grant agreement. The request must include:

1. The name of the recipient project coordinator being replaced and the new recipient project coordinator name and contact information;
2. The qualifications of the new recipient project coordinator;
3. The capacity in which the new recipient project coordinator will serve;
4. Written notification from the new recipient project coordinator signifying his/her willingness to serve on the project; and
5. If applicable, any change in the project narrative, budget and/or timeline due to the change; and
6. The effective dates.

## 10.3 SCMP ONLY - Change in Personnel with Primary Responsibility for Project Activities of the Multi-State Partner– Time Devoted to the Project

For SCMP ONLY, you also must request prior written approval if the individual from a multi-state partner organization listed in the approved project who has primary responsibility for project activities of the multi-state partner disengages from the project for a period of more than 3 months; reduces the time devoted to managing the project by 25 percent (25%) or more; or severs his/her connection to the activities of the grant agreement. The request must include:

1. The name of the individual from the multi-state partner organization being replaced and the name and contact information of the new individual who will assume responsibility for the project activities;
2. The qualifications of the new individual;
3. The capacity in which the new individual will serve;
4. Written notification from the new individual signifying his/her willingness to serve on the project;
5. If applicable, any change in the project narrative, budget, and/or timeline due to the change; and
6. The effective dates.

## 10.4 Change in Scope or Objectives

### SCBGP ONLY- Add a New Project, Discontinue a Project and/or Outcome and Indicator Change

You must request prior approval when it is necessary to add a new project and/or discontinue a project from the approved State Plan or change a project's approved outcome and indicator. You must use the same format as provided in the [Project Profile Template](#) for presenting this information with changes highlighted. You must submit a written justification for the change and include:

1. The grant agreement number affected by the change(s);
2. The approved project title(s) affected by the change(s);
3. A description of the revised scope or objectives of the award and/or the revised outcome and indicator; and
4. Email from recipient project coordinator.

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

- 1) Project Title;
- 2) Duration of Project;

- 3) Project Partner and Summary;
- 4) Relevant portion of the original project to be discontinued (if applicable);
- 5) Project Purpose;
- 6) External Project Support;
- 7) Expected Measurable Outcomes;
- 8) Budget Narrative; and
- 9) Email from recipient project coordinator.

### **SCMP ONLY – Change in Project Purpose and/or Expected Measurable Outcome(s)**

You must request prior written approval when it is necessary to modify the Project Purpose or Expected Measurable Outcomes of the approved project, even if there is no associated budget revision that would require prior written approval. You must use the same format/form(s) to present this information that was used in the approved application with the changes highlighted. The request must include:

1. A description of the change in the scope or objective including what activities the new work replaces;
2. A revised narrative for the relevant portion of the approved project;
3. If applicable, a description of any changes to the expected measurable outcomes;
4. If applicable, a revised budget and narrative;
5. If applicable, any change to the approved timeline; and
6. The proposed dates of implementation (MM/YYYY – MM/YYYY).

### **10.5 One-Time Extension**

If the project cannot be completed within the time frame established in the grant agreement, you may request prior written approval to extend the ending date of the grant agreement (no-cost extension of time). The request must be submitted no later than 10 days prior to the ending date of the grant agreement. The request must include the following:

1. The length of additional time requested, and the new ending date requested;
2. A justification for the extension;
3. A summary of progress to date in terms of the project timeline and objectives. The summary may reference the most recent Performance Report and indicate how circumstances have changed since then;
4. An estimate of the amount of remaining funds, and if applicable, the amount of matching resources yet to be expended, and a description of how they will be used in the remaining time; and
5. A new timetable for completing the project.

The fact that funds are expected to remain unutilized or unobligated at the end of the award is not in itself sufficient justification to receive a no-cost extension of time. Decisions will be made on a case-by-case basis by AMS based on the written justification provided.

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

### **10.6 Budget Change**

#### **SCBGP ONLY**

You must request prior written approval for a budget change if the Federal share of your award exceeds the Simplified Acquisition Threshold, currently \$150,000 (see box 16 on the AMS-33 Grant Agreement Face Sheet for your Federal award amount) and the cumulative amount of a transfer between individual projects in your State Plan exceeds or is expected to exceed 10 percent of the total award budget as last approved by AMS.

The request for a budget change must include:

1. A justification for the change; and
2. A description of the requested change that includes:

- a. The proposed budget change,
- b. Last approved budget, and
- c. An updated budget of the affected cost categories.

You must use the same format as provided in the [Project Profile Template](#) for presenting the budget information with changes noted.

## SCMP ONLY

You must request prior approval for a budget change if the cumulative amount of a transfer among budgeted direct cost categories exceeds or is expected to exceed 10 percent of the total budget as last approved by AMS. The request for a budget change must include:

1. A justification for the change; and
2. A description of the requested change that includes:
  - a. The proposed budget change,
  - b. Last approved budget, and
  - c. An updated budget of the affected cost categories.

You must use the same format for presenting the budget information that was used in the approved application with changes noted.

## 10.7 Travel Costs of Government Officials

You must request prior approval for each separate domestic or foreign trip involving a government official's travel costs if there are changes from the latest approved project and/or budget. 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. A recipient or subrecipient 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 (FAS) or funded through the State-Regional Trade Groups. AMS recommends that recipient's and subrecipient's search the FAS database of GAIN reports (<http://gain.fas.usda.gov/Pages/Default.aspx>) to ensure that prior approval requests will not duplicate activities that already receive funds. A government official travel modification request may be included in a budget or scope change request indicated above or submitted separately and must include:

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

For SCBGP, you must use the same format as provided in the [Project Profile Template](#) for presenting this information with changes noted.

For SCMP, you must use the same format for presenting the information that was used in the approved application with changes noted.

## 10.8 Pre-Award Costs

Pre-award costs are costs incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award, and only with prior written approval from AMS.

A recipient may incur pre-award costs 90 calendar days before AMS makes the award without prior written approval. Expenses incurred more than 90 calendar days pre-award require written prior approval from AMS. Allowable expenses contained in the original approved budget, (not in addition to it) are eligible for prior written approval.

The request for prior written approval for allowable pre-award costs must include the following information:

1. A brief description of the pre-award activities completed; and
2. An updated budget, clearly indicating the associated dollar amount of award funds expended during the pre-award period.

Note that AMS is under no obligation to reimburse such costs if the award is less than anticipated and inadequate to cover such costs. If a recipient has incurred expenses during the pre-award period that are not covered in the approved budget, AMS does not have any obligation to reimburse recipients for such expenses.

For SCBGP, you must use the same format as provided in the [Project Profile Template](#) for presenting the information with changes noted.

For SCMP, you must use the same format for presenting the information that was used in the approved application with changes noted.

## 10.9 Contracting Out or Otherwise Obtaining the Services of a Third Party to Perform Activities that are Central to the Purposes of the Award

You must request prior written approval for a change that involves subawarding, transferring or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general support services. The following information must be included in the request:

1. A brief description of the change;
2. A brief explanation as to why the change is being requested;
3. If a budget change is required:
  - a. A description of the proposed budget change,
  - b. The last approved budget, and
  - c. An updated budget of the affected cost categories; and
4. If the third party was not identified in the original application, a description of the third party's qualifications, how their work will fulfill the project goals, and an itemized budget showing cost categories with appropriate justification.
5. Verify that the State recipient followed the same policies and procedures it uses for procurements from its non-Federal sources. For all non-State recipients, please verify that the recipient used its own procurement procedures which reflect applicable State and local laws and regulations and conform to the Federal laws and standards identified in [2 CFR §§200.317 through 200.326](#), as applicable.

For SCBGP, you must use the same format as provided in the [Project Profile Template](#) for presenting the information with changes noted.

For SCMP, you must use the same format for presenting the information that was used in the approved application with changes noted.

## 10.10 Specific Allowable Costs Prior Approvals

You must request prior written approval for the following allowable costs that were not included in the approved project and/or the latest budget. See [9.0 Allowable Costs and Activities](#) for more information on these costs.

- Rental of Land
- Special Purpose Equipment
- Organization Costs
- Rearrangement and Reconversion Costs

The request must include the following:

1. A description of and justification for the cost including how it furthers the objectives of the project; and
2. If applicable, a comparison between the most recent budget and the proposed budget as well as an updated budget narrative of the affected cost categories.

For SCBGP, you must use the same format as provided in the [Project Profile Template](#) for presenting the information with changes noted.

For SCMP, you must use the same format for presenting the information that was used in the approved application with changes noted.

## 10.11 Fixed Amount Subawards

Fixed amount awards are a type of agreement under which a pass-through entity provides a specific level of support without regard to the actual costs incurred, although the fixed award amount is determined using the cost principles or other pricing information as a guide. Accountability is based primarily on performance and results. An example of an allowable fixed amount subaward would be a subaward made to a market research firm for a report involving a comprehensive assessment of a target market. The subaward would be provided upon delivery of a successfully completed report.

You must request prior written approval in order for a pass-through entity to provide subawards based on fixed amounts up to the Simplified Acquisition Threshold (\$150,000). The subawards must meet the requirements for fixed amount awards in [2 CFR §200.201](#).

The following information must be included in the request:

1. A brief explanation as to why the fixed amount award is being requested;
2. A brief description of the subrecipient's qualifications, and how their work will fulfill the project goals; and
3. A brief description of how you will monitor the subrecipient to ensure (a) that the work will be completed to the standards you specify; and (b) that the costs incurred to complete the work are allowable.

## 10.12 Changes to Recipient Name or Address

You must request prior written approval if the name or address of the recipient organization changes. This is a change to the recipient organization in box 12, "Recipient" on the fully executed AMS-33 Agreement Face Sheet. In this case, the DUNS number would remain the same, while only the organization name or address would change. Recipients are responsible for properly updating their registration within both the DUNS and SAM.gov electronic systems.

The request must include the new name or address of the recipient organization and the effective date of change.

## 11.0 PERFORMANCE AND FINANCIAL REPORTS

AMS requires both interim and final performance reports to illustrate the progress made toward the completion of each project within the State Plan and grant agreement for SCBGP. For SCMP, AMS requires both interim and final performance reports to illustrate the progress made toward the completion of each objective of the grant agreement. These reports are an important vehicle for sharing award findings and success with the public. Performance Reports should correspond with the activities and outcomes



outlined in the proposal and should be formatted and submitted using the approved templates or guidance provided by the grant program.

AMS also requires recipients to submit an interim [SF-425 Federal Financial Report](#) with each interim performance report to report and account for their financial expenditures during that reporting period.

If due to extenuating circumstances, a project must be extended beyond the performance period stated on the AMS-33, recipients should see section [10.5 One-Time Extension](#). Additional performance and financial reports may be necessary depending on the length of the time extension.

If performance or financial reports are prepared by a third party and/or subrecipient, it is your responsibility as the grant recipient to review and approve the report before forwarding it to AMS.

AMS is in the process of implementing a grants management system. Once the system is implemented, AMS will notify you of any changes to how performance and financial reports must be submitted and approved.

## 11.1 Interim Performance and Financial Reports

Interim Performance and Financial Reports track the progress of an award throughout the performance period. Interim SF-425 Federal Financial Reports and Interim Performance Reports are due 90 calendar days after each annual performance reporting period. The report is due within 90 calendar days of the reporting period end date.

The interim performance and financial report should be emailed to the appropriate AMS grant program representative as indicated in your award letter. AMS will confirm receipt of the interim performance and financial report, review it, and communicate questions or concerns. The recipient project coordinator may revise the report to address the questions and concerns. Accepted Interim Reports will become part of the official grant file.

If a project is completed, you and your subrecipients may submit a Final Performance Report in your Interim Performance Report. You must submit that accepted Final Performance Report in each subsequent Interim Performance Report and in the Final Performance Report. Once AMS reviews and accepts the Final Performance Report for a project, you and your subrecipients should not make changes to the project report in subsequent report submissions. See [11.2 Final Performance and Financial Reports](#).

For SCBGP, the Interim Performance Report template and the SF-425 Federal Financial Report, along with instructions and a sample performance and financial report, can be found at <https://www.ams.usda.gov/services/grants>, click on the Specialty Crop Block Grant Program, then click on “How to Administer the Award” in the left menu bar.

For SCMP, the required Interim Performance Report format and the SF-425 Federal Financial Report, along with instructions and a sample financial report, can be found at <https://www.ams.usda.gov/services/grants>, click on the Specialty Crop Multi-State Program, then click on “How to Administer the Award” in the left menu bar.

## 11.2 Final Performance and Financial Reports

A Final Performance Report and final SF-425 Federal Financial Report are required no later than 90 calendar days after the performance period expiration date, unless AMS approves a no-cost extension. Information from your Final Performance Report will be posted on the AMS website.

For SCBGP, the required Final Performance Report template and the SF-425 Federal Financial Report, along with instructions and a sample financial and performance report, can be found at <https://www.ams.usda.gov/services/grants>, click on the Specialty Crop Block Grant Program, then click on “How to Administer the Award” in the left menu bar.

For SCMP, the required Final Performance Report format and the SF-425 Federal Financial Report, along with instructions and a sample financial report, can be found at <https://www.ams.usda.gov/services/grants>, click on the Specialty Crop Multi-State Program, then click on “How to Administer the Award” in the left menu bar.

The final performance and financial report should be emailed to the appropriate AMS grant representative as indicated in your award letter. AMS will confirm receipt of the final performance report, review it, and communicate with the recipient project coordinator regarding questions or concerns. The recipient project coordinator may revise the report to address the questions and concerns.

### 11.3 Review of Performance and Financial Reports

AMS will review performance and financial reports to ensure completeness and substantial progress toward meeting the project goals, objectives, and measurable outcomes. AMS will notify the recipient project coordinator if additional information is required. The recipient project coordinator is responsible for adequately addressing all AMS comments and questions prior to sending the revised performance and financial report. If you are a pass through entity, ensure that subrecipients are aware that after AMS reviews their performance report, additional information may be required.

### 11.4 Public Access to Performance Reports and Information on Report Content

Accomplishments, procedures, and other benefits resulting from the Federally-funded project may be made available publicly through online posting, as well as through Freedom of Information Act (FOIA) requests. The AMS website is the primary means to distribute final results of each Federally-funded grant project, although additional proposal/project information, within the regulations, will be released under the FOIA.

Since the information will be made public, particularly the information contained in the Final Performance Reports, AMS encourages you to eliminate as many grammatical and spelling errors as possible in your submitted forms and materials. AMS will not edit the reports beyond checking to ensure that the content is complete, including inclusion of activities and outcomes associated with each project. Should AMS find that the report is incomplete, you will have the opportunity to revise the report and to address questions and concerns prior to the information being made available through the AMS website.

### 11.5 Disparaging Language and Protected Personally Identifiable Information (PII)

Grant recipients are prohibited from using Federal funds to conduct any activity that is false, misleading, or disparaging to agricultural commodities, nor are you allowed to disparage the mission, goals, and/or actions of another organization or individual in performance reports or through other means.

The term “PII,” as defined in [OMB Memorandum M-07-16](#) refers to information that can be used to distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Non-PII can become PII whenever additional information is made publicly available — in any medium and from any source — that, when combined with other available information, could be used to identify an individual.

Reports submitted to AMS must avoid use of Protected PII, including use of 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. Personal contact information included in the Final Performance Report should be limited to the Project Coordinator name, e-mail address, as well as organization name, physical address, and telephone number.

### 11.6 Overdue Reports

Events may occur between the scheduled performance reporting dates that have significant impact upon the project. In such cases, you must inform AMS, or if you are a subrecipient, the pass-through entity, as soon as you are aware of problems, delays, or adverse conditions, preferably no less than 14 calendar days from the due date. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. If AMS detects a recurring issue of late report submissions, enforcement actions as described in section [17.0 Remedies for Noncompliance](#) may be taken.

## 12.0 ACKNOWLEDGEMENT OF SUPPORT

You and/or your subrecipients are not required to acknowledge USDA, AMS support through oral or written presentation; however, if you or your subrecipient choose to add an acknowledgement of support, it must read as follows:

- This publication [or project] was supported by the U.S. Department of Agriculture’s (USDA) Agricultural Marketing Service through grant [Insert 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 only intended for [the official use of the USDA](#). 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.

## 13.0 PROPERTY MANAGEMENT

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

State recipients will use, manage, and dispose of special purpose equipment acquired under a grant in accordance with State laws and procedures and supplies in accordance with [2 CFR §200.314 \(b\)](#).

You and your subrecipients are subject to the full range of acquisition, use, management, and disposition requirements of [2 CFR §§200.313 \(c\) through \(e\)](#) and [200.314 \(b\)](#). You and your subrecipients must meet the following property management standards for equipment acquired in whole or in part under a grant:

- Use the equipment for the authorized purposes of the project until funding for the project ceases or until no longer needed for the purposes of the project
- Must not encumber the equipment without prior AMS approval
- 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. [SF-428-C](#) may be used at any time during the grant award, except at close out, to request disposition instructions
- Must make the equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired
- Must not use equipment or supplies acquired with grant funds to provide services for a fee that is less than private companies charge for equivalent services and use fees in accordance with program income requirements
- May use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of replacement equipment
- Maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property
- Take a physical inventory of the equipment, at least once every two years, and reconcile the results with the property records
- Develop control procedures and safeguards to prevent loss, damage, and theft
- Develop adequate maintenance procedures to keep the equipment in good condition
- Establish proper sales procedures when the subrecipient is authorized to sell the equipment to ensure highest rate of return

You and your subrecipients must obtain prior written approval from AMS to acquire special purpose equipment (see [10.10 Specific Allowable Cost Prior Approvals](#).)

### 13.1 Final Disposition of Equipment and Supplies upon Closeout

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, you or your subrecipient may retain, sell, or dispose of equipment with no further obligation to AMS.

If the special purpose equipment or supplies have a per-unit fair market value of \$5,000 or more, and the equipment or supplies are no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, you or your subrecipient may retain the equipment and supplies or they may be sold. In this case, you as the pass-through entity must complete a Tangible Personal Property Final Report ([SF-428-B](#)) and email it to AMS as a written disposition request/report. A [Sample Tangible Personal Property Final Report \(SF-428-B\)](#) can be found on the applicable grant program's website. Go to <https://www.ams.usda.gov/services/grants>, click on the applicable grant program website (SCBGP or SCMP), then click on "How to Administer the Award" in the left menu bar.

AMS will review the request and provide you with disposition instructions for the special purpose equipment and/or supplies. The disposition instructions will notify you that AMS is entitled to an amount calculated as follows:

AMS Amount = Current market value or proceeds from sale of the equipment/supplies X Percentage of AMS participation in the cost of the original purchase

If the equipment and/or supplies are sold, you or your subrecipient are permitted to deduct and retain from the Federal share \$500 or 10 percent of the proceeds, whichever is less, for its sale and handling expenses. You are responsible for ensuring that your subrecipient disposes the equipment and/or supplies in accordance with AMS disposition instructions.

## 14.0 ADMINISTRATIVE AND NATIONAL POLICY REQUIREMENTS

Several federal statutes and regulations apply to grant applications considered for review and to project grants awarded under this program. These include, but are not limited to the ones listed below.

Federal statutes and regulations found on the SF-424B "Assurances –Non-Construction Programs" (this form was submitted through Grants.gov with your application package)

[2 CFR §25](#) – *System for Award Management and Universal Identifier Requirements*. See [Appendix A to §25 – Award Term](#) for Central Contractor Registration and Universal Identifier Requirements.

You must notify your potential subrecipients, with the exception of individuals, that they may not receive a subaward unless the entity has provided its DUNS number. You must not make a subaward to an entity unless the entity has provided its DUNS number.

[2 CFR §170](#) – *Reporting Subaward and Executive Compensation Information*. See [Appendix A to §170 – Award Term](#) for Reporting Subawards and Executive Compensation requirements.

[2 CFR §175](#) – *Award Term for Trafficking in Persons*, which is the implementation of the *Trafficking Victims Protection Act of 2000*, as amended ([22 U.S.C. 7104\(g\)](#))

[2 CFR §180](#) and [§417](#) – *OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement)* and *USDA Nonprocurement Debarment and Suspension*

[2 CFR §200](#) – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

[2 CFR §400](#) – *USDA implementation of 2 CFR §200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

[2 CFR §415](#) – *USDA General Program Administrative Regulations*

[2 CFR §416](#) – *USDA General Program Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*

[2 CFR §418](#) – *USDA implementation of Restrictions on Lobbying* - Imposes prohibitions and requirements for disclosure and certification related to lobbying on recipients of federal contracts, grants, cooperative agreements, and loans.

[2 CFR §421](#) – *USDA Implementation of Government-wide Requirements for Drug-Free Workplace (Financial Assistance)*

[7 CFR §1, subpart A](#) – *USDA implementation of the Freedom of Information Act*

[7 CFR §1b](#) – *USDA procedures to implement the National Environmental Policy Act of 1969, as amended*

[7 CFR §3](#) – *USDA implementation of OMB Circular No. A-129 regarding debt collection*  
SCBGP and SCMP

Last revised 5/2/2016

[7 CFR §15, subpart A](#) – USDA implementation of Title VI of the *Civil Rights Act of 1964*, as amended, which prohibits you from discriminating on the basis of race, color, or national origin (42 U.S.C. 2000d et seq.)

SCBGP ONLY - As clarified by [Executive Order 13166](#), Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs *in accordance with* [LEP Implementation Strategy for AMS' Federally-Assisted Programs](#). Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. You are encouraged to consider the need for language services for LEP persons served or encountered both in developing your budgets and in conducting your programs and activities. For assistance and information regarding your LEP obligations, go to <http://www.lep.gov>.

[7 CFR §331](#) and [9 CFR §121](#)—USDA implementation of the *Agricultural Bioterrorism Protection Act of 2002*

[35 U.S.C. 200 et seq.](#)—Bayh Dole Act, controlling allocation of rights to inventions made by employees of small business firms and domestic nonprofit organizations, including universities, in federally-assisted programs (implementing regulations are contained in [37 CFR §401](#)).

[41 CFR §§301-10.131 to 301-10.143](#) – *Use of United States Flag Air Carriers*, which implements the *Fly America Act* ([49 U.S.C. 40118](#)). For more information see <http://www.gsa.gov/portal/content/103191>.

[48 CFR §25](#) – *Foreign Acquisition*, which implements the *Buy American Act* ([41 U.S.C. Ch. 83](#))

[48 CFR subpart 31.2](#) – *Contracts with Commercial Organizations*

[44 U.S.C. 3541 et seq. \(Pub. L. 107-347\)](#) – *Federal Information System Security Management Act of 2002* (FISMA)

An Act designed to improve computer and network security within the Federal Government. Applies to recipients if it will collect, store, process, transmit, or use information on behalf of AMS.

Motor Vehicle Safety – *Highway Safety Act of 1966*, as amended ([23 U.S.C. 402 & 403](#)); *Government Organization and Employees Act*, as amended ([5 U.S.C. 7902 \(c\)](#)); *Occupational Safety and Health Act of 1970*, as amended ([29 U.S.C. 668](#)); *Federal Property and Administrative Services Act of 1949*, as amended ([40 U.S.C. 101, et seq.](#)); *Increasing Seat Belt Use in the United States* ([EO 13043](#)); *Federal Leadership on Reducing Text Messaging While Driving* ([EO 13513](#))

[2 CFR §422](#) – *Research Institutions Conducting USDA-Funded Extramural Research; Research Misconduct*

[Appendix XII to 2 CFR Part 200](#) – Award Term and Condition for Recipient Integrity and Performance Matters. Applicable if the Federal share of any Federal award may include more than \$500,000 over the period of performance

*Prohibition Against Using Funds under Grants and Cooperative Agreements with Entities that Require Certain Internal Confidentiality Agreements*

(a) The recipient may not require its employees, contractors, or subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting them from lawfully reporting that waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.

(b) The recipient must notify its employees, contractors, or subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with paragraph (a) of this award provision are no longer in effect.

(c) The prohibition in paragraph (a) of this award provision does not contravene requirements applicable to any other form issued by a Federal department or agency governing the nondisclosure of classified information.

(d) If the Government determines that the recipient is not in compliance with this award provision, it:

(1) Will prohibit the recipient's use of funds under this award, in accordance with sections 743, 744 of Division E of the Consolidated Appropriations Act, 2016, (Pub. L. 114-113) or any successor provision of law; and

(2) May pursue other remedies available for the recipient's material failure to comply with award terms and conditions.

## 15.0 CLOSEOUT

You and AMS will close out the Federal award when all applicable administrative actions and required work are completed, as provided in [2 CFR §200.343](#). When an award is terminated or partially terminated, you *and your subrecipients* are responsible for compliance with the requirements in [2 CFR §200.344 Post-Close Out Adjustments and Continuing Responsibilities](#).

You must submit, no later than 90 calendar days after the grant ending date, all financial, performance, and other reports as required by these award terms and conditions.

## 15.1 Closeout Checklist

The following documents must be submitted to and approved by AMS to successfully close out a grant:

- 1) Final Performance Report (see [Section 11.2](#)) and any project deliverables (e.g., photos, brochures, other print materials from the project). Project deliverables must be submitted electronically. If, for example the deliverable is an object that cannot easily be shared electronically (e.g. non-electronic promotional items), the recipient should take a picture of the object and send it to grant staff as part of the report.
- 2) *Final* Federal Financial Report (SF-425) (see [Section 5.0](#) and [11.0](#) and subsections)
- 3) Request for *Final* Advance Payment or Reimbursement (SF-270) (see [Section 4.2 How to Request Payments](#) and subsections)
- 4) If applicable, a refund check, made out to the *Agricultural Marketing Service*, for any unused funds (see [Section 15.2](#)).
- 5) Tangible property report ([SF-428 B](#)) (if applicable) (see [Section 13.1](#))
- 6) Audit report (see [Section 2.1](#))

### *Requirements for Reapplication*

Upon receiving and accepting all closeout documents, AMS will issue a closeout letter. Failure to submit acceptable closeout materials for an existing grant within 90 calendar days following the grant ending date may result in exclusion from future AMS grant consideration.

## 15.2 Unused and Returned Funds

Before submitting an SF-425 for a grant that has been completed or terminated, you must liquidate all obligations no later than 90 calendar days after the grant ending date. If you have a balance of funds that AMS disbursed to you previously that you did not obligate by the grant ending date, you must return these funds to AMS. AMS's request to return an unobligated balance following expiration or termination of a grant is not considered an adverse action and is not subject to appeal.

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

Send payments by Express mail or courier submission to:

### **For SCBGP:**

Specialty Crop Block Grant Program  
Attn: SCBGP Manager  
USDA, Agricultural Marketing Service  
1400 Independence Avenue, SW  
Room 4543– South Building  
Stop 0264  
Washington, DC 20250-0264

### **For SCMP:**

Specialty Crop Multi-State Program  
Attn: SCMP Manager  
USDA, Agricultural Marketing Service  
1400 Independence Avenue, SW  
Room 4543– South Building  
Stop 0264  
Washington, DC 20250-0264



AMS will notify you when we receive the check.

### 15.3 Record Retention

In accordance with Federal regulations, you and your subrecipients must retain all records relating to the grant for a period of 3 years after the final Federal Financial Report (SF-425) is received by AMS or until final resolution of any audit finding or litigation. See [2 CFR §200.333](#) for exceptions and qualifications to the 3-year retention requirement and the retention period for other types of grant-related records, including property records.

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

## 16.0 ACCESS TO RECORDS

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

## 17.0 REMEDIES FOR NONCOMPLIANCE

AMS may take one or more of the following remedies for your failure to comply with the award terms and conditions, including reporting requirements, depending on the severity and duration of the non-compliance, according to applicable statutes, regulations, and policies. You may have an opportunity to correct the deficiencies before AMS takes enforcement action; however, AMS may take proactive steps to protect the Federal government's interests, including placing special conditions on awards in accordance with [2 CFR §200.338](#) such as requiring more frequent reporting or requiring the recipient to obtain technical or management assistance.

### *Disallow Costs*

AMS may disallow (deny use of funds) for all or part of the cost of the activity or action not in compliance. You may appeal this decision by submitting a written request to AMS per section [18.0 Appeals](#) of this document.

### *Withdrawal of Authorized Personnel Approval*

AMS may withdraw its approval of the Authorized Representative and/or other project representatives if the Agency concludes that they are no longer qualified or competent to perform. If this occurs, AMS may request that you designate a new Authorized Representative or other key personnel. The decision to impose special conditions by withdrawing approval of the Recipient Authorized Representative or other key personnel, or otherwise is discretionary on the part of AMS and not subject to appeal.

### *Withholding of Payments*

AMS may temporarily withhold cash payments pending correction of the deficiency by the recipient, in accordance with [2 CFR §200.205](#). This decision is discretionary on the part of AMS and not subject to appeal.

### *Withholding of Support*

AMS may decide not to make an award within the current award cycle if a recipient failed to meet the terms and conditions of a previous award or if continued funding would not be in the best interests of the Federal government. If an award is withheld (denied) because a recipient failed to comply with the terms and conditions of a previous award, the recipient may appeal that determination by submitting a written request to AMS per section [18.0 Appeals](#) of this document.

### *Suspension or Termination*

AMS generally will suspend (rather than immediately terminate) a grant and allow the recipient an opportunity to take appropriate corrective action before terminating a project. AMS may terminate the grant if the recipient does not take appropriate corrective

action during the period of suspension. AMS may terminate the grant —without first suspending— if the deficiency is so serious as to warrant immediate termination or if public health or welfare concerns require immediate action. AMS will provide the recipient a notice of termination that will include the reason(s) for the termination and if the decision will be considered in evaluating future applications. You may appeal the termination for cause decision as described in section [18.0 Appeals](#) of this document.

AMS or the recipient may mutually terminate a grant award, partially or totally, if the two parties agree upon the termination conditions, including the effective date and the portion to be terminated. If the recipient decides to terminate a portion of a grant award, AMS may determine that the remaining portion of the grant award will not accomplish the purposes for which the grant award was originally awarded. Contact the grant program manager should you decide to terminate all or part of your award.

When an award is terminated or partially terminated, the recipient is responsible for compliance with section [15.0 CloseOut](#) requirements.

Other options available to AMS include suspension or debarment under [2 CFR §180](#).

## 17.1 Special Conditions for High-Risk Recipients

This evaluation may incorporate results of the evaluation of the applicant's eligibility or the quality of its application. If AMS determines that a Federal award will be made, special conditions that correspond to the degree of risk assessed may be applied to the Federal award.

AMS may impose additional award conditions per [2 CFR §200.205\(b\)](#) on the recipient that correspond to the degree of risk assessed under the following circumstances:

1. Based on a review of risk set forth in the criteria in [2 CFR §200.205](#); or
2. When a recipient has a history of failure to comply with the terms and conditions of the award; or
3. Failure to meet expected performance goals as described in [2 CFR §200.210](#); or
4. Is not otherwise responsible.

These specific award conditions are specified in [2 CFR §200.207](#). Note that AMS will promptly remove any special conditions once the conditions that prompted them have been corrected.

## 18.0 APPEALS

The first step to appeal a decision to remedy non-compliance as described in [17.0 Remedies for Noncompliance](#), is to submit a written request for review to the AMS grant program manager, as indicated in Box 13 of the AMS-33, Agreement Face Sheet, unless directed otherwise. The appeal letter must explain the decision or action you are appealing, describe what happened, and provide any documents that support your appeal. AMS will review the notification and respond within 30 calendar days.

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

## 19.0 LIMIT OF FEDERAL LIABILITY

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

## 20.0 FRAUD, WASTE, AND ABUSE



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

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

**Telephone:** 1-800-424-9121 (toll free) or 202-690-1202 (TDD);

**Fax:** 202-690-2474

**E-mail:** [usda\\_hotline@oig.usda.gov](mailto:usda_hotline@oig.usda.gov)

**Internet:** <http://www.usda.gov/oig/hotline.htm>

Fraud, waste, and abuse includes, but is not limited to, embezzlement, misuse, or misappropriation of grant funds or property, and false statements and misrepresentation, 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.