



MONTANA DEPARTMENT OF
AGRICULTURE

RESILIENT FOOD SYSTEMS INFRASTRUCTURE GRANT PROGRAM

GRANT MANAGEMENT MANUAL

EFFECTIVE DECEMBER 8, 2023

Additional information can be obtained at:

<https://agr.mt.gov/RFSI>

STAKEHOLDER INPUT: The Montana Department of Agriculture seeks your comments about this Grant Management Manual. Submit written stakeholder comments via e-mail to: RFSI@mt.gov. In your comments, please state that you are responding to the Resilient Food Systems Initiative Program – Grant Management Manual, effective December 8, 2023.

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GENERAL INFORMATION

PURPOSE

The overall goal of RFSI is to create more and better processing options for local and regional producers across the specialty crops, dairy, grain (for food), and other sectors detailed within (i.e., non- meat and poultry sectors) by targeting gaps and opportunities in the pandemic assistance, Food Systems Transformation (FST) programs, and existing USDA grant programs that support the agricultural supply chain.

Applications are encouraged that benefit Small and Underserved Business Owners, Historically Underserved Farmers or Ranchers or for other businesses that qualify under the Small Business Administration (SBA) categories of Small Disadvantaged Business, Women Owned Small Business, and Veteran-Owned Small Businesses. For projects intending to serve these entities, applicants should engage and involve those beneficiaries when developing projects and applications.

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

In all programs and initiatives, USDA promotes climate-resilient landscapes and rural economic systems, including tools to support agriculture, forests, grazing lands, and rural communities. Applicants are encouraged to consider including goals and activities related to mitigating and adapting to climate change in their project's design and implementation.

ASSISTANCE

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

Resilient Food Systems Initiative Coordinator
Montana Department of Agriculture
302 N. Roberts St.
PO Box 200201
Helena, Montana 59620-0201
(406) 444-0248
(406) 444-9442 fax
RFSI@mt.gov

OVERVIEW

The terms and conditions of the RFSI award include generally applicable public laws and Executive orders, the Federal Office of Management and Budget (OMB) regulations and the United States Department of Agriculture (USDA) implementation of them, and Agricultural Marketing Service (AMS)-specific policies and procedures applicable to Grants Agreements. Federal regulations are codified at 7 CFR part 1291, and 2 CFR part 200.

These requirements provide the framework for the terms and conditions of the RFSI award.

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

GENERAL RESPONSIBILITIES

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

RFSI PROGRAM MANAGER AND SPECIALIST

MDA's RFSI Program Manager and Specialist monitors Subrecipients' compliance with Federal and State statutes and regulations, grant terms and conditions, and reporting requirements. The RFSI Program Manager and Specialist also provide Subrecipients with technical assistance and consultation throughout the Grant Agreement term.

SUBRECIPIENT

MDA awards subrecipient grants to State and/or local organizations, government entities, producer associations, academia, community-based organizations, and other specialty crop stakeholders. The subrecipient is legally accountable for the performance of the award and the expenditure of funds. Subrecipients must:

- Be free of federal debarment and suspension;
- Staff the project appropriately;
- Manage project resources efficiently;
- Use an adequate financial management system for tracking grant funds and source documentation;
- Ensure compliance with both Federal and State requirements; and
- Establish measurable program outcomes and conduct activities that will contribute to achieving those outcomes.

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

GRANT PROJECT CONTACT

The Grant Project Contact is the individual, designated by Subrecipient, responsible for the technical and programmatic aspects of the grant and for day-to-day management of the project. This individual ensures that the project is administered as outlined in the approved grant proposal and monitors compliance with the terms and conditions of the award. The Grant Project Contact should maintain contact with the MDA RFSI staff with respect to business, administrative, technical, or programmatic aspects of the award.

The Grant Project Contact generally is an employee of the Subrecipient. If the Grant Project Contact is not an employee of the Subrecipient, a formal written agreement with the Grant Project Contact must be in place that specifies an official relationship between the parties.

GRANT MANAGEMENT CONTACT

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

APPLICATION REVIEW AND SELECTION

Montana Department of Agriculture endeavors to create a fair and impartial process when selecting RFSI applications for award. Reviewers are provided conflict of interest forms, to ensure transparency towards an equitable process. Applications are competitively ranked, and merit-based, as detailed in the application request for proposal. Records are kept for each evaluated application, and are available to the public on request. A risk assessment is completed for every award made; this determines the level of grant management required during

the life of the grant. Finally, with the approval of the Director, award and non-award notices are delivered via email; follow up correspondence is available to discuss the decision as requested.

GRANT AGREEMENTS

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

MDA must receive a copy of Subrecipient's signed Grant Agreement prior to any payment being made on the project. Should the Subrecipient choose not to accept an award, the Subrecipient must notify MDA immediately.

The contents of the Grant Agreement are binding on the Subrecipient and MDA once the Subrecipient's authorized representative has accepted the Grant Agreement, unless and until modified.

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

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

SPECIAL CONDITIONS

At any point prior to and/or during the contract period, the RFSI Program Manager may impose special conditions on Subrecipients who are considered moderate to high-risk, or those considered noncompliant with Federal and State laws and regulations, Grant Agreement terms and conditions, and the Grant Management Manual. Special condition examples include:

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

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

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

ASSIGNMENTS

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

LEGAL RELATIONSHIP BETWEEN THE PARTIES

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

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

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

MODIFICATIONS

This grant contains the entire agreement between the parties, and no statements, promises or inducements made by either party or agents of either party, which are not contained in the contract, amendments shall be valid or binding. This agreement shall not be enlarged, modified, or otherwise altered without written agreement of both parties.

NON-DISCRIMINATION

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

PERMITTING

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

CONFLICT OF INTEREST OR OTHER VIOLATIONS OF GOVERNMENTAL ETHICS

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

ARBITRATION

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

INDEMNITY & LIABILITY

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

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

FEDERAL REQUIREMENTS

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

UNIFORM ADMINISTRATIVE REQUIREMENTS

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are contained in the Code of Federal Regulations (CFR) at [2 CFR 200](#).

COST PRINCIPLES

All recipients of federal funds should familiarize themselves with the [Cost Principles](#). The following general guideline is provided as a reference on determining the allowability of costs to be charged to a federal grant. All spending of grant funds should be accompanied by a thorough review of [2 CFR 200 and the USDA Agricultural Marketing Service, AMS Guidelines and Conditions](#).

§ 200.403 FACTORS AFFECTING ALLOWABILITY OF COSTS.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also [§ 200.306\(b\)](#).
- (g) Be adequately documented. See also [§§ 200.300 through 200.309 of this part](#).
- (h) Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to [§ 200.308\(e\)\(3\)](#).

The fact that the MDA awards a request for funds by an applicant does not indicate a determination of allowability.

COST CONSIDERATIONS

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Typically, examples of direct costs include compensation of employees who work directly on the award to include salaries and fringe benefits, travel, equipment, and supplies directly benefiting the grant-supported project or program.

INDIRECT COSTS ARE ANY COSTS THAT ARE INCURRED FOR COMMON OR JOINT OBJECTIVES THAT CANNOT BE READILY IDENTIFIED WITH AN INDIVIDUAL PROJECT, PROGRAM, OR ORGANIZATIONAL ACTIVITY. THEY GENERALLY INCLUDE FACILITIES OPERATION AND MAINTENANCE COSTS, DEPRECIATION, AND ADMINISTRATIVE EXPENSES. IF AN INFRASTRUCTURE GRANT RECIPIENT HAS A NICRA, STATES ARE REQUIRED TO HONOR THAT NEGOTIATED RATE, AND A COPY OF THE NICRA MUST BE SUBMITTED WITH THE INFRASTRUCTURE GRANT APPLICATION. OTHERWISE, APPLICANTS MAY ELECT TO CHARGE A DE MINIMIS RATE OF 10 PERCENT OF MODIFIED TOTAL DIRECT COSTS (MTDC).

ALLOCATION OF COSTS

The following is adapted from [2 CFR 200.405](#)

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding [paragraph \(c\)](#) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also [§§ 200.310](#) through [200.316](#) and [200.439](#).

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

ALLOWABLE COSTS & ACTIVITIES

All costs must contribute toward achieving the goals of the RFSI program. At a minimum, the costs of activities that benefit RFSI must be readily distinguishable from other financial activities. If Subrecipient does not do this or it is impractical to segregate these costs, then the costs are not allowable.

The governing cost principles address selected items of cost; however MDA mentions some costs in this subsection for emphasis. MDA does not intend for this subsection to be all-inclusive. Subrecipients should consult the [Federal cost principles](#) for a complete explanation of the allowability of costs they address. If Subrecipients have questions concerning the allowability of costs after reviewing the associated Federal cost principles, contact MDA RFSI staff.

Subrecipient and contractors under grants are subject to the requirements of the cost principles otherwise applicable to their type of organization and to these terms and conditions of the award.

SELECTED COST ITEMS

Subrecipients are encouraged to contact [MDA RFSI staff](#) to confirm allowability of costs.

Cost Category	Description, Guidance and Exceptions
Advisory Councils	Unallowable for costs incurred by advisory councils or committees.
Alcoholic Beverages	Unallowable for alcoholic beverages unless the cost is associated with fulfilling the purpose of the grant program and either approved in the application or with prior written approval.
Buildings and Land— Construction and/or Renovation	Allowable Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, alterations, or construction on an existing building or facility. The construction of new buildings at an existing facility and of wastewater management structures. This also includes construction and construction-related materials, which may include, but are not limited to, the purchase of building materials such as wood, nails, concrete, asphalt, roofing, gravel, sand, paint, insulation, drywall, or plumbing.
Compensation for Damage	Unallowable: <ul style="list-style-type: none"> • Compensation for injuries or damage to property arising from project activities.
Conferences	Allowable if the conference fulfills the purpose of a grant program’s legislated purpose. Allowable conference costs paid by the non-Federal recipient as a sponsor or host of the conference may include rental of facilities, speakers’ fees, costs of meals (see Meals 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 must report fees as program income (see Program Income). Allowable to rent a building or room for training; however, where appropriate, AMS encourages the use of technologies such as webinars, teleconferencing, or videoconferencing as an alternative to renting a building or a room. The recipient should use the most cost-effective facilities, such as State government conference rooms if renting a building or a room is necessary.
Contingency Provisions	Unallowable for miscellaneous and similar rainy-day funds for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening. Unallowable for working capital for activities/items not already in place.
Contractual/Consultant Costs (Professional Services)	Allowable subject to limitations. Contractual/consultant costs are 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. Allowable for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in the area (for more information, visit the OPM website) and travel that is reasonable and necessary. This does not include fringe benefits, indirect costs, or other expenses. If rates exceed this amount, the recipient is required to justify the allowability of the cost aligning with 2 CFR §§ 200.317-327 .
Contributions or Donations	Unallowable for contributions or donations, including cash, property, and services, made by the recipient to other entities. An NFE using grant funds to purchase food or services to donate to other entities and/or individuals is unallowable.
Electronic Benefit Transfer (EBT) Machines	Unallowable for the purchase/lease of Supplemental Nutrition Assistance Program (SNAP) EBT equipment.

Cost Category	Description, Guidance and Exceptions
Entertainment Costs	<p>Unallowable for entertainment costs including 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). Entertainment costs are defined in 2 CFR § 200.438.</p> <p>Allowable where the specific cost is considered to meet the requirements of the sponsored program and are authorized in the approved budget or with prior written approval.</p>
Equipment	<p>Special purpose equipment purchases are allowable when provided in the approved budget or with prior written approval for acquisitions costs and rental costs of special purpose equipment provided the following criteria are met:</p> <p>Allowable:</p> <ul style="list-style-type: none"> • Purchases of special purpose equipment (such as, canners, hulling processors, reverse osmosis systems, egg packing machines, flotation tanks, roasters, or other processing equipment, packing and labeling equipment, or delivery vehicles) are allowable when approved in the agreement budget or with prior written approval. All equipment purchases must meet the following criteria: <ul style="list-style-type: none"> • Equipment is necessary for the technical activities of the agreement and is not otherwise reasonably available and accessible. • Equipment is normally charged as a direct cost by the organization and is acquired in accordance with organizational practices. • Equipment must be used solely to meet the purpose of the program and objectives of the agreement. • Equipment is subject to the full range of acquisition, use, management, and disposition requirements under 2 CFR § 200.313 as applicable. <p>Unallowable:</p> <ul style="list-style-type: none"> • Purchases of general-purpose equipment (e.g., general use motor vehicles, office furniture, office air conditioners, printers, and copiers) or lease agreements to own (i.e., lease-to-own or rent-to-own).
Equipment – Information Technology Systems and Telecommunications	<p>Unallowable for information technology systems having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established in accordance with GAAP by the recipient for financial statement purposes or \$5,000. Acquisition costs for software include those development costs capitalized in accordance with GAAP. 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. See also special prohibition on the purchase of certain telecommunications and video surveillance described in 2 CFR § 200.216.</p> <p>Allowable for website development, mobile apps, etc., that are not considered to be information technology systems but rather social media applications.</p>
Farm, Gardening, and Production Activities and Supplies	<p>Unallowable for farm, gardening, and production activities, materials, supplies, and other related costs including but not limited to soil, seeds, shovels, gardening tools, greenhouses, and hoop houses.</p>
Fines, Penalties, Damages and Other Settlements	<p>Unallowable for costs resulting from violations of, alleged violations of, or failure to comply with, Federal, State, tribal, local, or foreign laws and regulations.</p>
Fixed Amount Subawards	<p>Unallowable for cost related to fixed amounts subawards.</p>

Cost Category	Description, Guidance and Exceptions
Fundraising and Investment Management Costs	Unallowable 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.
General Costs of Government	<p>Unallowable for:</p> <p>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;</p> <p>Salaries and other expenses of a State legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;</p> <p>Costs of the judicial branch of a government;</p> <p>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 2 CFR § 200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements); and</p> <p>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.</p>
Goods or Services for Personal Use	Unallowable for costs of goods or services for personal use of the recipient's employees regardless of whether the cost is reported as taxable income to the employees.
Indirect Costs – Unrecovered	<p>Unallowable for unrecovered indirect costs.</p> <p>Allowable for projects with match requirements to use unrecovered indirect costs as part of cost sharing or matching.</p>
Insurance and Indemnification	Allowable when provided in the approved budget or with prior written approval as indirect costs for insurance and indemnification.
Lobbying	Unallowable as defined in 2 CFR § 200.450 .
Marketing Costs	<p>Unallowable:</p> <ul style="list-style-type: none"> Recipients to use funds for marketing their product(s)/services(s) or organization.
Meals	<p>Unallowable for business meals when individuals go to lunch or dine together although no need exists for continuity of a meeting. Such activity is considered an entertainment cost.</p> <p>Unallowable for conference attendee breakfasts. It is expected attendees will have adequate time to obtain this meal on their own before a conference begins.</p> <p>Unallowable for meal costs that duplicate a meeting participant's per diem or subsistence allowances.</p> <p>Allowable for lunch or dinner meals if the costs are reasonable, and a justification is provided that such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.</p> <p>Allowable 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>
Memberships, Subscriptions, and Professional Activity Costs	<p>Unallowable for costs of membership in any civic or community organization.</p> <p>Allowable for costs of membership in business, technical, and professional organizations when provided in the approved budget or with prior written approval.</p>
Organization Costs	<p>Unallowable for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.</p> <p>Allowable with prior approval for organization costs per 2 CFR § 200.455.</p>

Cost Category	Description, Guidance and Exceptions
Participant Support Costs	Allowable when provided in the approved budget or with prior written approval 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, surveys, and focus groups.
Political Activities	Unallowable for development or participation in political activities, in accordance with provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and §§ 7324-7326).
Pre-Award Costs	<p>Allowable when provided in the approved budget or with prior written approval of such costs are necessary for efficient and timely performance of the project’s 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. If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by AMS.</p> <p>A recipient may incur pre-award costs 90 calendar days before the award. Expenses more than 90 calendar days pre-award require prior approval. These costs and associated activities must be included in the recipient’s project narrative and budget justification. All costs incurred before the award are at the potential 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>
Printing and Publications	Allowable to pay the cost of preparing informational leaflets, reports, manuals, and publications relating to the project; however, the printing of hard copies is discouraged given the prevalence of electronic/virtual publication means. If charged to the award, these costs must be charged to the final budget period of the award, unless otherwise specified by AMS.
Purchases of Land, Buildings, and Facilities	<p>Unallowable:</p> <ul style="list-style-type: none"> • Purchase of land, new buildings, and new facilities
Rearrangement and Reconversion Costs	<p>Allowable as indirect costs with prior approval for cost incurred for ordinary and normal rearrangement and alteration of facilities.</p> <p>Allowable as direct costs with prior approval for special arrangements and alterations costs incurred specifically for the award.</p> <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>
Supplies and Materials, Including Costs of Computing Devices	<p>Allowable for costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs. Only materials and supplies used for the performance of a Federal award may be charged as direct costs.</p> <p>A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the recipient for financial statement purposes or \$5,000, regardless of the length of its useful life. In the specific case of computing devices, charging as a direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. Where Federally donated or furnished materials are used in performing the Federal award, such materials will be used without charge.</p>
Training	Allowable when the training is required to meet the objectives of the project or program, including training that is related to Federal grants management.

Cost Category	Description, Guidance and Exceptions
Travel – Domestic and Foreign	<p>Allowable for travel, when provided in the approved budget or with prior written approval when costs are limited to those allowed by formal organizational policy and the purpose aligns with the legislated purpose of the program.</p> <p>The allowable travel cost of recipients that do not have formal travel policies and for-profit entities may not exceed those established by the Federal Travel Regulation, issued by General Services Administration (GSA), including the maximum per diem and subsistence rates prescribed in those regulations. If a recipient does not have a formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p>

INDIRECT COSTS

Indirect costs (also known as “facilities and administrative costs”) defined at [2 C.F.R. § 200.1](#) are costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. Refer to [2 C.F.R. §§ 200.413](#) and [414](#) for additional information on determining if costs charged to the award are direct or indirect.

The salaries of administrative and clerical staff should typically be treated as indirect costs. However, charging these costs as direct costs may be appropriate where all the following conditions are met:

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

As stated in the regulations ([2 C.F.R. §§ 200.413](#) and [414](#)), any non-Federal entity that has never received a negotiated indirect cost rate, except State and Local Government and Indian Tribe Indirect Cost Proposals, may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate. As described in [2 C.F.R. § 200.403](#), costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a recipient chooses to negotiate for a rate, which the recipient may apply to do at any time and which would be applicable to future federal grant awards.

All entities who elect to charge a de minimis rate of 10 percent must use the MTDC as the base. MTDC are defined in [2 C.F.R. § 200.1](#) as all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each Infrastructure Grant (regardless of the period of performance of the Infrastructure Grants under the award). MTDCs exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each Infrastructure Grant in excess of \$25,000. Other items may be excluded only when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

If an entity has a negotiated indirect cost rate approved by its cognizant agency, they must include a copy of the approved NICRA. Entities that would like to negotiate an indirect cost rate must contact their cognizant agency. For assignments of cognizant agencies see [2 C.F.R. § 200.1](#).

FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT SYSTEM

Subrecipient is required to meet the standards and requirements for financial management systems set forth or referenced in [2 CFR 200.302](#), as applicable. Subrecipients must use Federal funds in a responsible manner that includes adequate internal controls and cash management consistent with Department of the Treasury requirements.

Subrecipient must expend and account for grant funds in accordance with State and Federal laws and procedures for expending and accounting for funds. Subrecipient's financial management systems, including records documenting compliance with this award, must be sufficient to permit: 1) preparation of required reports; and 2) traceability of expenditures to establish that award funds were used in accordance with all applicable terms, conditions, and restriction. These financial management systems must provide:

- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
- Accurate, current, and complete disclosure of the financial results of each Federal award;
- Records that adequately identify the sources of funds for Federally-funded activities and the purposes for which the funds were used, including authorizations, obligations, unobligated balances, assets, expenditures, program income, and interest. Accounting records must be supported by easily accessible source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents;
- Effective control over and accountability for all funds, property, and other assets to assure they are adequately safeguarded and used only for authorized purposes. In cases where projects are not 100% federally funded, effective internal controls must be in place to assure that expenditures financed with Federal funds are appropriately allocated to the grant-supported project;
- Comparison of actual to budgeted expenditures for each approved subgrant;
- Written procedures for determining the allowability of costs in accordance with the applicable Federal cost principles, program regulations, and other requirements cited in applicable award terms and conditions;
- Written procedures to minimize the time elapsing between the transfer of Federal funds to Subrecipient and the disbursement of the funds for direct program costs and the proportionate share of any allowable indirect or facilities and administrative costs; and
- All grant funds must be obligated (encumbered) by the expiration date of the grant agreement and liquidated within 30 days after the expiration date.

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

PRIOR APPROVAL ON PROJECT CHANGES

The recipient may need to make modifications, such as budget, personnel, or contracts, to accomplish the objectives prior to 10 days before the project's completion. Recipients are required to request prior written approval for the following items in advance of a change or obligation of funds. Modifications will be requested via emailed to the RFSI program staff. 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; and
4. Project point of contact name.

Change in Key Personnel/Time Devoted to the Project

Prior approval is required for changes in key personnel or if key personnel disengages from the project for a period of more than three 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. Key personnel include the recipient project coordinator or other key project contributors. The request must include the following:

1. The name of the individual(s) being replaced and the new individual name and contact information;
2. The qualifications of the new individual(s);
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. The effective date.

A change in key personnel may affect the project narrative, budget, or timeline. If it does, the recipient must include this in their request by following the applicable guidance in this section.

Change in Scope or Objectives

A SCOPE OF WORK (SOW) CHANGE IS DEFINED AS ANY MODIFICATION TO THE PROJECT PURPOSE, EXPECTED MEASURABLE OUTCOMES, OR SUBSTANTIAL CHANGE TO THE PROPOSED WORK PLAN ACTIVITIES OF AN AWARD. TO CHANGE THE SCOPE OF WORK, THE SUBGRANTEE MUST SUBMIT A REQUEST FOR AMENDMENT IN WRITING.

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

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

The request must include the following:

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; and
3. The proposed dates of implementation (MM/YYYY – MM/YYYY).

One-Time Extension

RFSI Grants may not be extended.

Budget Change

THERE ARE SEVERAL INSTANCES UNDER WHICH A SUBGRANTEE MUST REQUEST PRIOR APPROVAL FROM MDA TO DEVIATE FROM THEIR BUDGET. THESE SITUATIONS ARE:

1. A budget deviation that represents an equipment purchase that was not included in the USDA approved budget.
2. A budget deviation that represents a significant change in the scope of the project.
3. When a budget deviation is the result of a change in the principal investigator assigned to the project.
4. A budget deviation that represents an additional contractor that was not included in the USDA approved budget.
5. When a budget deviation between categories is greater than 20% of their total awarded budget.

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

The request must include the following:

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

Contracting for Activities Central to the Award's Purpose(s)

Prior approval is required for a change that involves transferring, or contracting out of any work under an award.

This provision does not apply to the acquisition of supplies, materials, equipment, or general support services. The request must include:

1. A brief description of and justification for the change;
2. A brief description of the contractor's qualifications, and how their work will fulfill the project goals;
3. If a modification to the budget is required:
 - a. A description of the proposed modification,
 - b. The last approved budget
4. If the third party was not identified in the original application, a description of the third party's qualifications, how its work will fulfill the project goals, and an itemized budget (if applicable) showing cost categories with appropriate justification.

Specific Allowable Costs Prior Approvals

Prior approval is required for allowable costs (as referenced in [2 CFR §200.407](#)) and for those not previously submitted in the approved budget. The request must include:

- A description of and justification for the cost including how it furthers the objectives of the project; and
- 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. Recipients must use the same format for presenting the budget information that was used in the approved application with changes noted.

Changes to Recipient Name or Address

MDA should be notified in a timely manner of any changes to key staff or address change on the grant. Grantees must submit a revision to the RFSI staff should a key staff member meet any of the following:

NOTE: A request to have a new recipient organization (that has a new UEI number) assume responsibility for the project is not allowable.

Recipients are responsible for properly updating their UEI and registration with [SAM.gov](#). The recipient must inform MDA of any pending changes in its legal status, divestiture, or bankruptcy.

REQUEST FOR PAYMENT

Each payment is conditioned upon receipt and approval by MDA RFSI staff and must be accompanied by reasonable assurance (documentation, receipts, invoices, etc.) that the goods and services for which payment is requested were actually received and performed. MDA has the right to disallow costs determined inappropriate or unreasonable. The Program Manager shall have a minimum of thirty (30) working days to approve or request clarification on a submitted request for payment. In the case that clarification is requested, the Program Manager may withhold payment until all questions on the request are adequately addressed. Requests must be submitted using the online Webgrants system.

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

ADVANCE PAYMENTS

Requests for fund advances will be considered on a case-by-case basis. Funding advances shall **not exceed 25%** of the total grant award. During the period under which the advance payment is being expended, source documentation must be submitted to MDA by the final day of each month until funds are expended. The subrecipient may not request an additional disbursement of funds, either as advance or reimbursement, until source documentation has been received to account for the entirety of the previous advance. Advance payment requests will not be accepted in the final three months of a grant.

INTEREST EARNED

Subrecipients must follow sound financial management practices that minimize the potential for excessive Federal cash on hand and to comply with the cash management requirements of [2 CFR 200.305](#).

Interest earned amounts up to \$500 per year may be retained by the sub-recipient for administrative expense. Any additional interest earned on advance payments deposited in interest-bearing accounts must be remitted annually.

REIMBURSEMENT PAYMENTS

Subrecipients are required to submit requests for reimbursement via the Webgrants. Reimbursements must be based on actual expenditures. Source documentation of expenditures is required to accompany each reimbursement request, and must clearly show the expense to be reimbursed. Source documentation includes, but is not limited to: canceled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents.

Failure to draw down funds in a timely manner may result in the suspension or termination of obligation of funds without further cause.

Final invoices are due no later than 30 calendar days following the expiration date of the Grant Agreement term or the project is complete, whichever comes first.

MDA will make payments to Subrecipient via Electronic Fund Transfer (EFT) to the bank account specified in [W-9 form](#) submitted with your first payment request. If Subrecipient's banking information is not correct or changes at any time prior to the end of your agreement, verbally notify the RFSI Program Manager as soon as possible via phone to discuss MDA policy process. If EFT is not an option, MDA can provide additional payment options, such as mailed checks.

All obligated (encumbered) grant funds must be liquidated within 30 calendar days after the close of the grant. Any unobligated (unencumbered) balance of cash at the end of the grant period must be repaid to MDA.

COST TRANSFERS

Transfers of funds between grant agreements are unallowable.

UNEXPENDED AWARDED FUNDS

If the Subrecipient anticipates that a significant amount of awarded grant funds will not be expended, they should notify MDA as soon as possible. MDA reserves the right to re-allocate unexpended funds at the discretion of the Director of MDA or their delegated official.

NON-AVAILABILITY OF FUNDS

Every payment obligation under the Grant Agreement will be conditioned upon the availability of funds. If funds become unavailable, the Agreement may be terminated by the State. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

PROGRAM INCOME

Program income is gross income earned during the grant period resulting from activity supported by the grant 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.

A subgrantee earning program income will be required to reconcile program income balances with Montana Department of Agriculture at the close of the grant.

Program income ([as defined in 2 C.F.R. § 200.1](#)) or any other Federal funds is an ineligible source of match or cost share.

COST SHARING & MATCHING FUNDS

RFSI grant recipients are required to contribute 50% of the total proposed project cost as a match to federal funding. This applies to all applicants except those who qualify for the reduced match described in the next bullet.

REDUCED MATCHING FUNDS– HISTORICALLY UNDERSERVED GROUPS

For [historically underserved farmers and ranchers](#), or for other businesses that qualify under [SBA categories](#) of small disadvantaged business, women-owned small business, or veteran-owned small business, the required match funding contribution or cost share is reduced to 25% of the project cost. States must require that applicants self-certify in their Infrastructure Grant applications to being eligible for this reduced match.

OTHER MATCHING FUND INFORMATION

In-kind contributions are defined, when used as a cost share or match for a grant, as the value of goods or services provided for the benefit of the grant program, where no funds transferred hands. For example, a partner, such as a tribal community member, may volunteer their professional expertise as a match contribution to the project as described in [2 C.F.R. § 200.306\(e\)](#). These contributions cannot satisfy a cost sharing or matching requirement for this grant program if they are used toward satisfying a match requirement under any other Federal grant agreement to which the applicant is a party.

All matching contributions must be committed or secured at the time an applicant is recommended for an award. Indirect costs may count toward the Infrastructure Grant applicant's match.

Program income (as defined in [2 C.F.R. § 200.1](#)) or any other Federal funds is an ineligible source of match or cost share.

MATCHING FUNDS AND LETTERS OF VERIFICATION

Each application must include the total amount of match and how it will specifically align with their requested funding. Additionally, applicants must submit one match verification letter for EACH cash or in-kind resource signed by the matching organization. Grant must use the Match Verification Template Letter.

REPORTING REQUIREMENTS

Subrecipients are required to submit the following:

1. Performance Reports, semi-annually;
2. Final Reports, at the end of the project;
3. Problems and delays, as they occur;

Subrecipients are responsible for timely submission of reports. Failure to submit timely reports may result in forfeiture of funds or corrective actions.

MDA RFSI staff will review performance reports to ensure the reports meet the required criteria and that substantial progress is being made toward meeting the project objectives and measurable outcomes. MDA RFSI staff will notify the Subrecipient if additional information is required after the initial review of the report.

PERFORMANCE REPORTS

Subrecipients are required to submit a performance report after each reporting period ends, to MDA RFSI staff by email to RFSI@mt.gov:

Reporting Periods	Report Due on or before
July 1 - December 31	January 31
January 1 - June 30	July 31

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

FINAL REPORT

Subrecipients are required to submit a Final Report by March 31 of the year in which the project was completed. Reports must be submitted to MDA RFSI staff by email to RFSI@mt.gov, and the report will be made available to the public. The final report must be approved by MDA. MDA will not disburse final payment until all requirements of the Agreement have been fulfilled. All remaining grant funds or outstanding grant funds must be reconciled.

Recipients should anticipate that USDA-AMS will post the Final Performance Report on the [USDA-AMS RFSI website](#). Final Performance Reports to USDA-AMS, as accumulated from Subrecipients and submitted by MDA RFSI staff, must illustrate the completion of the activities, outcomes and successful metrics associated with each project and should be free of grammatical and spelling errors.

PROBLEMS AND DELAYS

Subrecipient must immediately notify the MDA RFSI Program Manager of any problems, delays and/or adverse conditions that will materially affect the project. Examples include but are not limited to: inability to collect data, conduct research, or complete any planned activity; substituting commodities; inability to fill vacant positions so activities are delayed or eliminated. Some problems and delays may require a revised scope of work.

COMPLIANCE REVIEWS

Compliance reviews are conducted on a basis determined by the risk evaluation matrix tool. The risk evaluation matrix is a tool used by MDA to quantify the risk factors demonstrated by a grantee and is completed by staff at the start of each grant year. The purpose of compliance review is to determine whether measurable outcomes are being met, evaluate accomplishments, and review financial practices and documentation to ensure that necessary policies and procedures are in place to comply with Federal cost principles and grant terms and conditions.

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

Subrecipients are required to submit supporting documentation for desk review by MDA. Documentation may include but is not limited to policy and procedure manuals, organizational flow charts, timesheets and payroll records, travel logs that document mileage and per diem, invoices/receipts for operating costs, lodging receipts, and meals, and contractor/consultant contracts and invoices, etc.

AUDIT REQUIREMENTS

Subrecipients are responsible to obtain audits in accordance with the 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.

The audit must meet the standards specified in Generally Accepted Government Auditing Standards (GAGAS). 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.

OTHER POLICY REQUIREMENTS

You agree to comply with the following Federal statutes and regulations as applicable to your award. These include but are not limited to the ones listed below. The full text of Code Federal Regulations references can be found at: [eCFR-Code of Federal Regulations](#).

Federal statutes and regulations found on the SF-424B “Assurances –Non-Construction Programs.”

[2 CFR § 25](#) – *System for Award Management and Universal Identifier Requirements*

[2 CFR § 170](#) – *Reporting Subaward and Executive Compensation Information*

[2 CFR § 175](#) – *Award Term for Trafficking in Persons*

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

[2 CFR § 182](#) – *Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)*

[2 CFR § 183](#) – *Never Contract with the Enemy*

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

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

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

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

[2 CFR § 418](#) – *New Restrictions on Lobbying*

[2 CFR § 421](#) – *Requirements for Drug-Free Workplace (Financial Assistance)*

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

[7 CFR § 1, subpart A](#) – *Official Records (Freedom of Information Act)*

[7 CFR § 1\(b\)](#) – *National Environmental Policy Act*

[7 CFR § 3](#) – *Debt Management (OMB Circular No. A-129)*

[7 CFR § 15, subpart A](#) – *Nondiscrimination in Federally-Assisted Programs of the Department of Agriculture—Effectuation of Title VI of the Civil Rights Act of 1964*

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

[37 CFR § 401](#) – *Rights to Inventions made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts, and Cooperative Agreements*

[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 <https://www.gsa.gov/?gsaredirect=portalcontent>.*

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

[8 U.S.C. § 1324a](#) – *Unlawful employment of aliens*

[29 U.S.C. § 794](#) – *Nondiscrimination under Federal grants and programs*

[41 U.S.C. § 22](#) – *Interest of Member of Congress*

[41 U.S.C. § 4712](#) – *Pilot program for enhancement of contractor protection from reprisal for disclosure of certain information*

44 U.S.C. § 3551 et seq. ([P.L. 107-347](#)) – *Federal Information System Security Management Act of 2002 (FISMA)*

[EO 13166](#), *Improving Access to Services for Persons with Limited English Proficiency*, take reasonable steps to ensure that LEP persons have meaningful access to programs in accordance with [LEP Implementation Strategy for AMS' Federally-Assisted Programs](#).

[EO 13798](#), *Promoting Free Speech and Religious Liberty. As a recipient you must not discriminate against subrecipients on the basis of their religious character.*

[EO 13858](#), *Strengthening Buy- American Preferences for Infrastructure Project (Except for Section 5, revoked by EO 14005)*

[EO 13864](#), *Improving Free Inquiry, Transparency, and Accountability at Colleges and Universities*
[EO 13933](#), *Protecting American Monuments, Memorials, and Statues and Combating Recent Criminal Violence*
[EO 13988](#), *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation*
[EO 13991](#), *Protecting the Federal Workforce and Requiring Mask-Wearing*
[EO 13999](#), *Protecting Worker Health and Safety*
[EO 14005](#), *Ensuring the Future Is Made in All of America by All of America's Workers*

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](#))

Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, [P.L. No. 112-55](#), Division A, Sections 738 and 739 regarding corporate felony convictions and corporate Federal tax delinquencies.

DISPOSITION OF IMPROVED PROPERTIES

The recipient cannot encumber property improved as part of the cooperative agreement award and must follow the requirements of [2 CFR §200.311](#) before disposing of the property. The real property will be used for the originally authorized purpose as long as needed for that purpose. When real property is no longer needed for the originally authorized purpose, the recipient must obtain disposition instructions from AMS. The following alternatives will apply:

1. Retain title after compensating the Federal awarding agency as described in 2 CFR Part 200.311(c)(1);
2. Sell the property and compensate the federal awarding agency as specified in 2 CFR Part 200.311(c)(2); or
3. Transfer the title to the Federal awarding agency or to a third Party designated/approved by the Federal awarding agency as specified in 2 CFR Part 200.311(c)(3).

PROCUREMENT MANAGEMENT

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 project contain the applicable provisions described in [Appendix II of 2 CFR §200](#).

INVENTIONS, PATENTS & COPYRIGHT

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

The regulations apply to any subject invention—defined as any invention either conceived of or first actually reduced to practice in the performance of work under the Federal award—and to all types of recipients of Federal funding. This includes nonprofit entities and small businesses or large businesses receiving funding through grants, cooperative agreements, or contracts as direct recipients of funds or as Subrecipient or subcontractors under those awards. The term invention means any invention or discovery which is or may be patentable or otherwise protectable under [Title 35 of the United States Code](#), or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act ([7 U.S.C. 2321 et seq.](#)).

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

- Report all subject inventions to MDA
- Make efforts to commercialize the subject invention through patent or licensing
- Formally [acknowledge the Federal government's support](#) in all patents that arise from the subject invention
- Formally grant the Federal government a limited use license to the subject invention

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

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

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

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

PUBLICITY AND ACKNOWLEDGEMENT

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

STATE ACKNOWLEDGEMENT

The statements below contain suggested language for recognition:

- "This project is funded, in part (if applicable) by the Montana Department of Agriculture's Resilient Food Systems Initiative Program."

FEDERAL ACKNOWLEDGEMENT

Subrecipients are not required to acknowledge USDA, AMS support through oral or written presentation; however, if you 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.

REMEDIES FOR NON-COMPLIANCE

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

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

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

If MDA determines that noncompliance by Subrecipient cannot be remedied by imposing specific conditions, MDA may take one of more of the remedies for noncompliance as outlined in [2 CFR 200.338](#).

- (a) Temporarily withhold payments pending correction of the deficiency by the Subrecipient or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Recommend suspension or debarment proceedings be initiated, as authorized under 2 CFR part 180, by the Federal awarding agency.
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

WITHHOLDING OF SUPPORT

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

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

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

SUSPENSION OR TERMINATION

The regulatory procedures that pertain to suspension and termination are specified in [2 CFR 200.338-342](#)

Suspension

Department may suspend a grant and allow Subrecipient an opportunity to take appropriate corrective action before making a termination decision.

Termination

Department may terminate the Grant Agreement for the following causes:

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

CLOSEOUT

Award closeout is the process by which Subrecipient and MDA determine that all required work of the award and all necessary administrative actions have been completed. All awards must be closed out as soon as possible after the end date of the grant agreement, but not later than 30 days after receipt and acceptance of all required final reports. Closeout includes ensuring timely submission of all required reports and adjustments for amounts due to MDA.

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

CLOSEOUT CHECKLIST

Subrecipients must liquidate all obligations incurred under the award not later than 30 calendar days after the grant ending date.

Due to MDA within 30 calendar days following the grant ending date:

1. Final Performance Report
2. Final Reimbursement Request, if applicable
3. Refund of any balances of unobligated cash
4. Audit Report, if applicable

5. A report of any equipment or residual supplies valued at more than \$5,000, if applicable.

POST-CLOSEOUT CONTINUING RESPONSIBILITIES

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

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

DEBT COLLECTION

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

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

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

RECORD RETENTION & ACCESS REQUIREMENTS

In accordance with Federal regulations, Subrecipient must retain all records relating to the grant for a period of 3 years after the final report is accepted by USDA or until final resolution of any audit finding or litigation. See [2 CFR 200.333-337](#) for exceptions and qualifications to the 3-year retention requirement (e.g., if any litigation, claim, financial management review, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken). Those sections also specify the retention period for other types of grant-related records, including property records.

METHODS FOR COLLECTION, TRANSMISSION, & STORAGE OF INFORMATION

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

ACCESS TO RECORDS

The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and MDA, or any of their authorized representatives, shall have the right of access to any pertinent documents, papers, or other

records of Subrecipient which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Subrecipient's personnel for the purpose of interview and discussion related to such documents.

LIMIT OF STATE LIABILITY

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

CIVIL RIGHTS UNDER FEDERAL LAW

Pursuant to CFR 15.6 SubPart A, any person who believes himself/herself or any specific class of individuals to be subjected to discrimination prohibited by the regulations in this part may by himself/herself or by an authorized representative file with the Secretary or any Agency a written complaint. A complaint must be filed not later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the Agency or by the Secretary. Such complaint shall be promptly referred to the Assistant Secretary for Civil Rights. The complaint shall be investigated in the manner determined by the Assistant Secretary for Civil Rights and such further action taken by the Agency or the Secretary as may be warranted.

The Montana Department of Agriculture provides outreach to all of Montana's diverse groups, through state and tribal press releases, coordination with applicable state agencies, and consideration of stakeholders from all regions and reservations during RFSI programmatic development.

FRAUD, WASTE & ABUSE

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

Office of the Inspector General, United States Department of Agriculture,

Attn: HOTLINE

PO Box 23399

Washington, DC 20026-3399

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

Fax: 202-690-2474

E-mail: usda.hotline@oig.usda.gov

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

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

The Federal government may pursue administrative, civil, or criminal action under a variety of statutes that relate to fraud and false statements or claims. Even if the Federal government does not award a grant, the applicant may

be subject to penalties if the information contained in or submitted as part of an application, including its certifications and assurances, is found to be false, fictitious, or fraudulent.