



Specialty Crop Block Grant Program

Grant Management Manual

Federal Fiscal Year 2016 Funding Cycle

Additional information can be obtained at:

<http://agr.mt.gov/SpecialtyCropBlockGrants>

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

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General Information

Purpose

The purpose of the Montana Department of Agriculture (MDA) Specialty Crop Block Grant Program (SCBG) is solely to enhance the competitiveness of specialty crops in Montana. For purposes of the program, specialty crops are defined as fruits and tree nuts, vegetables, culinary herbs and spices, medicinal plants, as well as nursery, floriculture, and horticulture crops. A more comprehensive list can be found on the [USDA-AMS website](#).

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

Assistance

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

Specialty Crop Block Grant Program Manager
Montana Department of Agriculture
302 N. Roberts St.
PO Box 200201
Helena, Montana 59620-0201
(406) 444-0134
(406) 444-9442 fax
SCBG@mt.gov
agr.mt.gov/agr/Programs/GrantsLoans/SCBG/

Overview

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

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

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

General Responsibilities

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

SCBG Program Manager

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

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

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

Subrecipient

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

Grant Project Contact

The Grant Project Contact is the individual, designated by Subrecipient, responsible for the technical and programmatic aspects of the grant and for day-to-day management of the project. The Grant Project Contact is responsible for ensuring that Subrecipient complies with the financial and administrative aspects of the award. This individual ensures that Subrecipient remains in compliance with the terms and conditions of the award instrument including those set out herein. The Grant Project Contact should maintain contact with the MDA [SCBG Program Manager](#) with respect to business, administrative, technical, or programmatic aspects of the award.

The Grant Project Contact generally is an employee of the Subrecipient. 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.

Grant Agreements

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

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

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

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

Special Conditions

SCBG Program Manager may impose special conditions on Subrecipients who are considered moderate to high-risk 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 with 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

No letter, email, or other communication passing between the parties shall be deemed a part of this agreement unless it is distinctly stated and such letter, email, or communication is attached as an Appendix to this agreement and signed by the authorized representative of each of the parties. This grant contains the entire agreement between the parties, and no statements, promises or inducements made by either party or agents of either party, which are not contained in this

writing, shall be valid or binding. This agreement shall not be enlarged, modified or otherwise altered without written agreement of both parties (see "[Changes](#)" for additional information).

Non-Discrimination

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

Permitting

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

Conflict of Interest or Other Violations of Governmental Ethics

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

Arbitration

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

Indemnity & Liability

The Subrecipient shall protect, indemnify, defend, and save 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 SCBG 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](#).

2 CFR 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 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

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 (facilities & administrative (F&A)) costs means those 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. **MDA SCBG does not allow indirect costs to be charged to SCBG awards.**

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 project;
 - (2) Benefits both the project and other work of the subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and
 - (3) Is necessary to the overall project and is assignable in part to the project in accordance with the principles.

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

(c) Any cost allocable to a particular Federal award under the cost principles 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 the following sections of [2 CFR 200.310 Insurance coverage through 200.316 Property Standards](#) and [2 CFR 200.439 Equipment and other capital expenditures](#).

Allowable Costs & Activities

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

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

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

Selected Cost Items

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

Item	Description
Alcoholic Beverages	<i>Unallowable</i> for alcoholic beverages except when the costs are associated with enhancing the competitiveness of an eligible processed 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.
Aquaponics	<i>Allowable 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.</i> <u>Projects that are Acceptable</u> <ul style="list-style-type: none">• <i>A project to determine whether carp, catfish, or tilapia are best for growing</i>

Item	Description
	<p><i>lettuce is acceptable.</i></p> <ul style="list-style-type: none"> • <i>A project to market broccoli grown through aquaponics is acceptable.</i> • <i>A project to compare the quality of lettuce grown in water to lettuce grown in a greenhouse is acceptable.</i> <p><u><i>Projects that are NOT Acceptable</i></u></p> <ul style="list-style-type: none"> • <i>A project to study whether lettuce or tomato produced the highest yield of tilapia is not acceptable.</i> • <i>A project to farm fish using an aquaponics system and then sell the fish is not acceptable.</i> • <i>A project to grow specialty crops where both the specialty crops and the fish are sold is not acceptable.</i> <p><i>For more information on constructing or purchasing an aquaponics system, see <u>Equipment-General Purpose and Equipment – Special Purpose</u>.</i></p>
Conferences	<p>Allowable for costs of conferences as defined in 2 CFR 200.432. Allowable conference costs paid by the non-Federal applicant or subapplicant 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 applicant or subapplicant must report fees as program income (See Program Income).</p> <p>The SCBGP encourages the use of technologies such as webinars, teleconferencing, or videoconferencing as an alternative to renting a building or a room.</p>
Construction and Renovation and Land or Building Acquisition	<p>Unallowable 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 that is supported by columns or walls.</p>
Contractual/Consultant Costs (Professional Services)	<p>Allowable subject to limitations below. Contractual/consultant costs are the expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the applicant in the form of a procurement relationship.</p> <p>Allowable for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in your area (for more information please go to http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/general-schedule/). 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"> • A description of the steps you took to hire a contractor, which includes obtaining a cost/price analysis. The purpose of the analysis is to review and evaluate each element of cost to determine reasonableness, allocability, and allowability. <p>OR</p> <ul style="list-style-type: none"> • Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. Therefore, the selected contractor's specialized qualifications necessitate hiring at a rate beyond a GS-15 step 10. (Please outline the

Item	Description
	unique qualifications of the contractor.)
Contributions and Donations	<p><i>Unallowable</i> for contributions or donations, including cash, property, and services, from the applicant or subapplicant to other entities.</p> <ul style="list-style-type: none"> • A non-profit entity using grant funds to purchase produce to donate to other entities and individuals is unallowable.
Entertainment	<p><i>Unallowable.</i> Entertainment costs include amusement, diversion, and social activities and any costs directly associated with such costs (such as bands, orchestras, dance groups, tickets to shows, meals, lodging, rentals, transportation, and gratuities).</p>
Equipment, Buildings, and Land	<p><i>Unallowable</i> for acquisition costs of general purpose equipment, vehicles, buildings and land.</p> <p><i>Allowable</i> with conditions for renting or leasing of general purpose equipment, buildings, vehicles, and with prior approval for land. Vehicles may be leased, but not purchased. The lease or rental agreement must terminate at the end of the grant cycle.</p> <p><i>Unallowable</i> for lease agreements to own (i.e., lease-to-own or rent-to-own). 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</i> with prior approval for acquisition costs and rental costs of special purpose equipment provided the following criterion is met:</p> <ol style="list-style-type: none"> 1) Necessary for the research, scientific, or other technical activities of the grant award; 2) Not otherwise reasonably available and accessible; 3) The type of equipment is normally charged as a direct cost by the organization; 4) Acquired in accordance with organizational practices; 5) Must only be used to solely enhance the competitiveness of specialty crops; 6) More than one single commercial organization, commercial product, or individual must benefit from the use of the equipment; 7) Must not use special purpose equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services; and 8) Equipment is subject to the full range of acquisition, use, management, and disposition requirements under 2 CFR part 200.313 as applicable. <p>Equipment Definitions</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.</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>

Item	Description
	<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>
Fines, Penalties, Damages and Other Settlements	<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.
Fixed Amount Subawards	<i>Allowable</i> with prior written approval from AMS, 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 2 CFR 200.201.
Foreign Travel	<p>For purposes of this provision, “foreign travel” includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions. However, the term “foreign travel” for a governmental unit located in a foreign country means travel outside that country. An applicant with a proposal that involves foreign market development must determine if the project is more appropriate for grant programs administered by the Foreign Agricultural Service or funded through the State-Regional Trade Groups. SCBGP recommends that applicants search the Foreign Agricultural Service database of GAIN reports (http://gain.fas.usda.gov/Pages/Default.aspx) to ensure that proposals will not duplicate information that already exists. Any proposal involving foreign travel must be well justified.</p> <p>See Travel in this table for more information on travel costs.</p>
Fundraising	<i>Unallowable</i> for organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used. This includes salaries of personnel involved in activities to raise capital.
General Costs of Government	<p><i>Unallowable</i> for:</p> <ol style="list-style-type: none"> 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; 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; 3) Costs of the judicial branch of a government; 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 §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements); and 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.
Goods or Services for Personal Use	<i>Unallowable</i> for costs of goods or services for personal use of the applicant’s or subapplicant’s employees regardless of whether the cost is reported as taxable income to the employees.

Item	Description
Health and Nutrition Messaging	<p><i>Allowable</i> when health and nutrition information complies with regulations and policies of the:</p> <p><i>Federal Trade Commission</i> http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection</p> <p>AND</p> <p><i>U.S. Food and Drug Administration</i> http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/default.htm.</p> <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 Dietary Guidelines.</p>
Information Technology Systems	<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 non-Federal applicant or subapplicant 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>
Insurance and Indemnification	<p><i>Allowable</i> as indirect costs for insurance and indemnification.</p>
Lobbying	<p>The applicant should consult with the SCBGP to ensure that it is in compliance with Federal assistance regulations and laws if it intends to engage in certain activities intended to influence Federal, State or local government entities.</p> <p><i>Unallowable</i> for:</p> <ul style="list-style-type: none"> (1) Attempts to influence the outcomes of any Federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity; (2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections in the United States; (3) Any attempt to influence: <ul style="list-style-type: none"> a) The introduction of Federal or state legislation; 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); 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 any

Item	Description
	<p>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>(4) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.</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>
Meals	<p><i>Unallowable</i> for business meals when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered an entertainment cost.</p> <p><i>Allowable</i> for lunch or dinner meals if the costs are reasonable and a justification is provided that such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.</p> <p><i>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>
Memberships, Subscriptions, and Professional Activity Costs	<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>
Organization Costs	<p><i>Allowable</i> with prior approval for organization costs per 2 CFR 200.455.</p> <p><i>Unallowable</i> for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.</p>
Participant Support Costs	<p><i>Allowable</i> for such items as stipends or subsistence allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with approved</p>

Item	Description
	<p>conferences, training projects, and focus groups.</p> <p>See also Selling and Marketing - Coupons, Incentives or Other Price Discounts.</p>
Political Activities	<i>Unallowable</i> for development or participation in political activities in accordance with provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7326).
Pre-Award (Pre-Agreement Costs)	<p><i>Allowable</i>, if such costs are necessary to conduct the project or program, and would be allowable under the grant, if awarded.</p> <p>An applicant may incur pre-award costs 90 calendar days before SCBGP makes the award without prior approval from SCBGP. Expenses more than 90 calendar days pre-award require SCBGP prior approval. All costs incurred before SCBGP makes the award are at the applicant's risk. The incurrence of pre-award costs in anticipation of an award imposes no obligation on SCBGP to award funds for such costs.</p>
Rearrangement and Reconversion Costs	<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 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.</p>
Salaries and Wages	<p><i>Allowable</i> as part of employee compensation for personnel services in proportion to the amount of time or effort an employee devotes to the grant-supported project or program during the period of performance under the Federal award, including salaries, wages, and fringe benefits. Such costs must be incurred under formally established policies of the organization, be consistently applied, be reasonable for the services rendered, and be supported with adequate documentation.</p> <p>Salary and wage amounts charged to grant-supported projects or programs for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with generally accepted practices of like organizations. Standards for payroll distribution systems are contained in the applicable cost principles (other than those for for-profit organizations).</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"> • 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.
Selling and Marketing Costs	<i>Allowable</i> with conditions (see specific costs below) 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.
Selling and Marketing Costs – Promotion of an Organization's	<i>Unallowable</i> for costs designed solely to promote the image of an organization, general logo, or general brand rather than eligible specialty crops.

Item	Description
Image, Logo, or Brand Name	<ul style="list-style-type: none"> • A promotional campaign to increase sales of “STATE/COUNTY Grown” Watermelon is acceptable while increasing brand awareness of “XYZ Grown” generically is not. • Promoting tomatoes while including an organization’s logo in the promotion is acceptable, while generally promoting an organization’s logo is not. • Promotional items could say “Buy STATE/COUNTY Grown Apples” but not “XYZ Grown”, which promotes XYZ generically. • A promotional campaign to increase producer sales of “STATE/COUNTY Grown fruits and vegetables” is acceptable while increasing membership in “STATE/COUNTY Grown” generically is not.
Selling and Marketing Costs – Promotion of Non-Specialty Crop Activities	<p><i>Unallowable</i> for costs for promotion at non-specialty crop specific venues, tradeshow, events, meetings, programs, conventions, symposia, seminars, etc.</p> <ul style="list-style-type: none"> • Advertisements could say “Buy Sweet Corn! It is the Best!” but not “Buy Local!” • Advertising educational sessions at a conference that solely benefits specialty crop growers are acceptable, while advertising a non-specialty crop specific local food conference is not.
Selling and Marketing Costs – Promotional Items, Gifts, Prizes, etc.	<i>Unallowable</i> for promotional items, swag, gifts, prizes, memorabilia, and souvenirs.
Selling and Marketing Costs – Sponsorships	<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.
Selling and Marketing Costs – Coupons, Incentives or Other Price Discounts	<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 Participant Support Costs.</p>
Selling and Marketing Costs – Use of Meeting Rooms, Space, Exhibits for Non-Specialty Crop Activities	<p><i>Unallowable</i> for costs associated with the use of trade shows, meeting rooms, displays, demonstrations, exhibits, and the rental of space for activities that do not solely promote specialty crops.</p> <ul style="list-style-type: none"> • Supporting the participation of raspberry and blueberry producers at a non-specialty crop specific international trade show to promote berries to an international audience is allowable, while renting a booth space for berry producers as well as wheat producers at an international trade show is not allowable. • Supporting the participation of farmers’ market managers at a national conference that is not specific to specialty crops is not allowable. • Supporting a portion of a national conference that is not specific to specialty crops is not allowable, while supporting a session on specialty crops at a national conference that is not specific to specialty crops is allowable. • Funding an “XYZ State Grown” booth at a specialty crop-specific venue where all exhibitors in the booth are specialty crop producers is allowable, but funding an “XYZ Grown” booth at a non-specialty crop specific venue is not allowable.
Selling and Marketing Costs – Cookbooks, Cooking	<i>Allowable</i> for costs promoting the specialty crops in processed products (products prepared or created for the purposes of promoting a specialty crop but that require other ingredients are considered a processed product). A processed product is defined as a product that

Item	Description
Demonstrations, Recipe Cards, Food Pairings	<p>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>
Supplies and Materials, Including Costs of Computing Devices	<p><i>Allowable</i> for costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs. Only materials and supplies actually used for the performance of a Federal award may be charged as direct costs.</p> <p>A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the applicant or subapplicant for financial statement purposes or \$5,000, regardless of the length of its useful life. In the specific case of computing devices, charging as direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.</p>
Training	<p><i>Allowable</i> for the State department of agriculture applicant 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 project or program.</p>
Travel	<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 government officials per 2 CFR part 200.444.</p> <p>Applicants and subapplicants that do not have formal travel policies and for-profit subapplicants' 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 http://www.gsa.gov. If a applicant or subapplicant organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p> <p>Applicants and subapplicants 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 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>

Item	Description
	<ul style="list-style-type: none"> Example: Travel costs for personnel to travel to a farmers' market conference is unallowable, while travel to a vegetable food safety educational session is allowable.

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 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 90 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

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

Purchase of Special Purpose Equipment

Special Purpose Equipment included in the approved grant narrative does not require any additional approval to purchase. If the subrecipient wishes to purchase a particular piece of Special Purpose Equipment, that was not included in an approved budget, pre-approval from the SCBG Program Manager must be received in writing. With prior approval, the SCBG program manager will outline for the subrecipient requirements for submitting a [Scope of Work](#) and/or [Budget Amendment](#), providing details and justification of the purchase.

Foreign Travel

Prior to purchase SCBG Program Manager must approve in writing all foreign travel. Inclusion in the approved grant narrative indicates prior approval. However, prior approval of the addition of Foreign Travel in the proposal requires a [Scope of Work](#) and [Budget Amendment](#), providing details and justification of the travel.

For the purposes of this provision, “foreign travel” includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions.

Contractor/Consultant rates in excess of GS-15, Step 10

Prior to hiring, SCBG Program Manager must approve in writing costs associated with expenditures for contractor/consultant rates in excess of [GS-15, Step 10](#). Inclusion in the approved grant narrative indicates prior approval.

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

- A description of the steps Subrecipient took to hire a contractor, which includes obtaining a cost/price analysis. The purpose of the analysis is to review and evaluate each element of cost to determine [reasonableness, allocability, and allowability](#).

OR

- Due to the complexity or uniqueness of the project, the pool of available and qualified contractors is limited. Therefore, the selected contractor’s specialized qualifications necessitate hiring at a rate beyond a GS-15 step 10. (Please outline the unique qualifications of the contractor.)

Request for Payment

Payments will be contingent upon compliance with guidelines set forth by MDA. Each payment is conditioned upon receipt and approval by the Program Manager and may be accompanied by reasonable assurance (documentation, receipts, invoices, etc.) that the goods and services for which payment is requested were actually received and performed. MDA has the right to disallow costs determined inappropriate or unreasonable. The Program Manager shall have a minimum of thirty (30) working days to approve 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 the month following the date on which expenses were incurred. 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 advance. Advance payment requests will not be accepted in the final three months of a grant.

Interest Earned

Subrecipient must follow sound financial management practices that minimize the potential for excessive Federal cash on hand and to comply with the cash management requirements of [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 system. Reimbursements should be based on actual expenditures. Source documentation of expenditures may be submitted but is not required.

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 45 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, notify the SCBG Program Manager as soon as possible. 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 90 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 without MDA approval. In the case that a transfer represents more than 20% of MDAs overall SCBG budget, USDA approval may be needed as well.

Unexpended Awarded Funds

If the Subrecipients 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 of the State 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.

Cost Sharing & Matching

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

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;
4. Successes, as they occur; and
5. Oral presentations, as requested.

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

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

Performance Reports

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

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

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

Final Report

Subrecipients are required to submit a Final Report no later than 30 calendar days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first. Reports must be submitted using the [Webgrants system](#), and the report will be made available to the public. The final report must be approved by MDA. MDA

will not disburse final payment until all requirements of the Agreement have been fulfilled. All remaining grant funds or outstanding grant funds must be reconciled.

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

Problems and delays

Subrecipient must immediately notify the [SCBG Program Manager](#) of any problems, delays and/or adverse conditions that will materially affect the project. Examples include but are not limited to: inability to collect data, conduct research, or complete any 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](#).

Successes

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

Oral Presentations

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

Compliance Reviews

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

Project Changes

MDA anticipates that Subrecipient may need to modify the award budget or other aspects of the approved project to accomplish the award's objectives. In general, Subrecipient has a certain degree of latitude to re-budget within and between budget categories to meet unanticipated needs and to make other types of post-award changes. In some cases, Subrecipient is required to request prior written approval from MDA. Prior approval means that Subrecipient must request and obtain approval from MDA **in advance** of the change or obligation of funds. Subrecipient may contact [SCBG Program Manager](#) with questions about the need for prior approval for an activity or cost under a specific project.

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

Change in Scope or Objectives

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

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

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

Deviation from the Approved Budget

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

1. A budget deviation that represents an equipment purchase that was not included in the USDA approved budget.
- 2.
3. A budget deviation that represents a significant change in the scope of the project.
4. When a budget deviation is the result of a change in the principal investigator assigned to the project.

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

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

Audit Requirements

Subrecipients (other than Federal agencies and for-profit recipients) 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 for that year.

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.

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 statutes listed below.

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

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

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

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

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

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

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

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

[7 CFR part 15, subpart A](#) – *USDA implementation of Title VI of the Civil Rights Act of 1964*, as amended

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

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

The implementation of the *Bayh Dole Act* ([35 U.S.C. 200 et seq.](#)) 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).

[41 CFR part 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](#))

[48 CFR part 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 awardees 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* ([E.O. 13043](#)); and
- *Federal Leadership on Reducing Text Messaging While Driving* ([E.O. 13513](#))

Property Management

A title to special purpose equipment and supplies acquired will vest, upon acquisition, to the subrecipient. 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 \(b\)](#).

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 \(b\)](#). 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 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

Subrecipients must obtain prior written approval to acquire special purpose equipment.

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, Subrecipient may retain the equipment and supplies or they may be sold. In this case, MDA must complete a Tangible Personal Property Final Report (SF-428-B).

If the equipment and/or supplies are sold, Subrecipient is 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.

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 SCBGP under a grant, contract, or cooperative agreement result in inventions, the provisions of the Bayh-Dole Act and the Technology Transfer Commercialization Act of 2000, as implemented in [37 CFR part 401](#) apply.

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

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

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

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

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

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

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

Publicity and Acknowledgement

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

State Acknowledgement

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

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

Federal Acknowledgement

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 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 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 cash 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 per [Appeals](#).

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 this agreement at any time for non-compliance with any contract terms or requirements set forth in the SCBG Grant Management Manual. In the event this agreement is terminated, Subrecipient, at the discretion of Department, shall return to Department all funds awarded and all results of the project to date.
3. **Failure to Perform:** Except as otherwise provided in this section, either party may terminate this agreement for failure of the other party to perform after giving thirty (30) days' written notice by registered mail or personal delivery to the other party. The written notice must demand performance of the stated failure within a specified time period of not less than thirty (30) days. If the demanded performance is not completed within the specified time period, the termination is effective at the end of that specified time period.
4. **Payment for Work Performed:** Except as provided in the sections entitled "Failure to Comply" and "Failure to Perform", in the event of termination, Subrecipient shall be paid for the work performed and expenses incurred pursuant to this agreement through the date of termination, and all results of the project to the date of termination including, but not limited to, the original copies of all forms, notes, maps, specimens, photographs, and data prepared by the Subrecipient prior to termination shall become the property of Department and shall be delivered to Department.

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. Failure to submit timely and accurate final reports may affect Subrecipient's future funding.

Closeout Checklist

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

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

1. Final [Performance Report](#)
2. Final [Reimbursement Request](#), if applicable
3. Refund of any balances of unobligated cash

4. [Audit Report](#), if applicable
5. A report of any equipment or retained supplies valued at more than \$5,000.
 - a) If no such equipment or supplies exist, the subrecipient must state so in writing.

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.

Fraud, Waste & Abuse

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

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

Attn: HOTLINE

PO Box 23399

Washington, DC 20026-3399

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

Fax: 202-690-2474

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

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

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

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