
May 1, 2014

Federal-State Marketing Improvement Program

General Terms and Conditions of Award- 2014

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1.0 APPLICABLE REGULATIONS

1.1 Administrative Provisions

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

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

The Code of Federal Regulations (CFR) is accessible through the National Archives and Records Administration: <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=%2Findex.tpl>

1.2 Federal Cost Principles

Allowable costs will be determined in accordance with the applicable program legislation, the purpose of the award, the terms and conditions of award as contained herein and, if this award is to a recipient other than a Federal agency, by the following Federal cost principles that are applicable to the type of organization receiving the award, regardless of type of award or tier (i.e., recipient, subrecipient), as are in effect at the time of award:

- 2 CFR 225 (OMB Circular No. A-87), “Cost Principles for State, Local, and Indian Tribal Governments.”
- 2 CFR 220 (OMB Circular No. A-21), “Cost Principles for Educational Institutions.”
- 2 CFR 230 (OMB Circular No. A-122), “Cost Principles for Nonprofit Organizations.”
- Federal Acquisition Regulations (FAR) (48 CFR part. 31.2), Principles for determining costs with profit making firms, “Contracts with Commercial Organizations.”

OMB Circulars are available at: www.whitehouse.gov/OMB/circulars/

2. DEFINITIONS

2.1 Federal Agency

Federal-State Marketing Improvement Program, Agricultural Marketing Service, United States Department of Agriculture.

2.2 Federal Agency Project Manager

The individual, acting within the scope of delegated authority, who is responsible for executing and administering awards on behalf of the U.S. Department of Agriculture. The Federal Agency project manager is:

Janise Zygmont, FSMIP Staff Officer
Federal-State Marketing Improvement Program
Agricultural Marketing Service, USDA
1400 Independence Avenue SW, Room 4549 – South
Washington, D.C. 20250
Telephone: (202) 720-5024
Fax: (202) 690-1144
Email: janise.zygmont@ams.usda.gov

2.3 Grant

An award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible recipient.

2.4 Recipient

The eligible entity to which a FSMIP grant is awarded and which is accountable for the use of the funds provided. The recipient is the entire legal entity even if only a particular component of the entity is designated in the grant award document. The term subaward is interchangeable with the term subgrant.

2.5 Recipient Project Coordinator

The individual who is authorized to commit the recipient's time and other resources to the project, to commit the recipient to comply with the terms and conditions of the award instrument including those set out herein, and to otherwise act for or on behalf of the recipient.

2.6 Subgrant

An award of financial assistance in the form of money, or property in lieu of money, made under a grant by a recipient to an eligible subrecipient. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of grant in this part.

2.7 Subrecipient

The government or other legal entity to which a subgrant is awarded and which is accountable to the subrecipient for the use of the funds provided.

3. NATIONAL POLICY REQUIREMENTS

3.1 Debarment and Suspension

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

You are required to disclose if any of the following conditions apply to you or your principals¹, including the Recipient Project Coordinator and other key grant management personnel:

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

A variety of “lower-tier” covered transactions are also subject to these requirements. Contracts (including individual consultants) under grants (where the contract requires the provision of

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

goods or services that will equal or exceed \$25,000) and all subawards also are subject to these suspension and debarment rules. You are required to comply with the requirements of [Subpart C of 2 CFR part 180](#) that provides your responsibilities when you enter into a lower-tier transaction as described above.

For each “lower tier” covered transaction, you must add a clause or condition to each subaward indicating the intent of the subrecipient to comply with this requirement.

3.2 Drug-free Workplace

The Drug-Free Workplace Act of 1988 ([41 U.S.C. § 8102 et seq.](#)) requires that all organizations receiving grants from any Federal agency agree to maintain a drug-free workplace. You must provide a drug-free workplace and will comply with the requirement to notify FSMIP if an employee is convicted of violating a criminal drug statute. Failure to comply with these requirements may be cause for debarment. Government wide requirements for Drug-Free Workplace for Financial Assistance are found in [2 CFR part 182](#); USDA implementing regulations are set forth in [2 CFR part 421](#). All recipients of FSMIP grant funds must comply with the requirements in [Subpart B of 2 CFR part 421](#).

3.3 Lobbying

You must comply with [31 U.S.C. 1352](#), “Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions,” from using appropriated Federal funds to pay any person for influencing or attempting to influence any officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, extension, continuation, renewal, amendment, or modification of any of these instruments. These requirements are implemented for USDA in [7 CFR part 3018](#), which also describes types of activities, such as legislative liaison activities and professional and technical services that are not subject to this prohibition.

By accepting an award, FSMIP applicants with total costs expected to exceed \$100,000 certify that they:

- have not made, and will not make, such a prohibited payment;
- will be responsible for reporting the use of non-appropriated funds for such purposes;
- will file quarterly updates about the use of lobbyists if material changes occur; and
- will include these requirements in subawards, and contracts under grants that will exceed \$100,000 and will obtain necessary certifications from those participants and contractors.

An SF-LLL “[Disclosure of Lobbying Activities](#)” is required for each payment made to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a

Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the award.

3.4 Officials not to Benefit

You must comply with the requirement that no member of Congress must be admitted to any share or part of this agreement, or to any benefit arising from it, in accordance with [41 U.S.C. 22](#).

3.5 Trafficking

You must comply with [2 CFR part 175, Award Term for Trafficking in Persons](#) and include the award term in your subawards indicating the intent of the subrecipient to comply with this requirement.

3.6 System for Award Management and Universal Identifier Requirements

You must comply with [2 CFR part 25, System for Award Management and Universal Identifier Requirements](#). See [Appendix A to part 25 – Award Term](#) for Central Contractor Registration and Universal Identifier Requirements.

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

3.7 Reporting Subawards and Executive Compensation

You must comply with [2 CFR part 170, Reporting Subaward and Executive Compensation Information](#). See [Appendix A to part 170 – Award Term](#) for Reporting Subawards and Executive Compensation requirements.

4. FEDERAL AGENCY AND PROJECT COORDINATOR RESPONSIBILITIES

4.1 The Federal Agency is responsible for:

- a. Assisting in defraying not more than one-half of the costs of the project by reimbursing the recipient for expenses incurred in the conduct of the project as mutually agreed to and outlined in the approved project budget.

- b. Monitoring work performed under the grant by reviewing progress reports, final reports and documentation relating to grant and matching fund expenditures.

4.2 The Recipient Project Coordinator is responsible for:

Recipients are responsible for monitoring the performance of all project activities, ensuring that the work is completed within the required time frame, maintaining control of the project's

objectives, and setting policy for all aspects of the project. Following are some of the specific responsibilities:

- Serve as the contact with the Federal Agency, subrecipients and other project partners about all grant and project matters. Subrecipients and partners should be instructed to communicate directly with the recipient, not with FSMIP, on all matters relating to the project.
- Contact FSMIP immediately if problems arise that will interfere with or delay the project.
- Inform FSMIP immediately if the project contact changes and provide the name, title, telephone number and email address for the new project contact.
- Ensure that both FSMIP funds and matching funds are used only for activities outlined in the approved project and work plan. Use of grant and matching funds must conform to the budget submitted with the application as accepted or as modified by mutual consent before the proposal was approved for funding. However, once a project is underway, recipients may shift expenditures from any one cost category or project element to another without obtaining prior approval from FSMIP, provided that the budget for cost categories or project elements is not increased or decreased by more than 20 percent of the total FSMIP grant amount.
- Instruct subrecipients and partners that will contribute matching resources on how to document their work on the project following proper accounting procedures. Records of receipts and expenditures of Federal funds, matching funds and in-kind resources must be identifiable within the recipient's accounting system. Inform subrecipients and partners that all records relating to the grant must be retained for three years following the end of the grant period.
- Inform subrecipients that they will be expected to comply with all applicable Federal statutes and regulations, and that any information obtained, data derived, and reports resulting from the FSMIP project must be available to the public.
- Report required data about subrecipients who receive subgrants of \$25,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) database at the [FSRS website](#).
- Upon request by the Federal Agency, furnish any records, reports or contracts relating to the project.
- Submit 6-month progress reports, a final report, requests for grant funds (SF 270), and a final financial statement (SF 425) in a timely manner. Request grant funds at

reasonable intervals and provide a justification if the initial drawdown is not made in the first year of the grant period.

- Recipients agree to be contacted by FSMIP 12 months after filing the final report to provide an update on project outcomes and impacts.
- Seek written approval from FSMIP under the following circumstances:
 - Changes in project leadership;
 - Foreign travel before the travel is taken;
 - Shifts of expenditures from any one cost category or project element to another if the budget for cost categories or project elements is increased or decreased by more than 20 percent of the total FSMIP grant amount;
 - Changes in the project scope or objectives;
 - Need for a no-cost time extension if for any reason the project cannot be completed within the time frame established in the grant agreement; and
 - Appropriate use of any program income generated by the project that was not outlined in the approved proposal.
- Ensure that all travel expenses follow Federal Travel Regulations ([41 CFR Chapters 300-304](#)) unless State travel requirements are in place.
- Ensure that sub recipients who receive a sub grant of \$25,000 or more comply with the reporting requirements as outlined in Section 3.7 - Reporting Subawards and Executive Compensation of this document.

5. PRIOR APPROVAL REQUIREMENTS

5.1 Changes in Project Contact or Project Leader

When it is necessary to change the recipient's program contact, submit the update via email to the FSMIP Staff Officer. The update should contain the new individual's name and contact information, the capacity in which this new individual will serve, and a brief outline of qualifications if the project leader changes.

5.2 Budget Changes

Modifications to the project budget must be approved in writing by the FSMIP Staff Officer if the cumulative amount of such modifications exceeds 20 percent (20%) of the total grant amount. A request for a budget change shall include a description of the change, a justification for the change, and a revised budget spreadsheet.

5.3 Revisions of Scope or Objectives

When it is necessary to modify the scope or objectives of the award, submit a written justification for the change along with a description of the revisions along with a revised budget spreadsheet, if applicable.

5.4 No-cost Time Extensions

The recipient must contact the FSMIP Staff Officer no later than 60 days before the grant ending date to request a no-cost time extension if for any reason the project cannot be completed within the time frame established in the grant agreement. The recipient must prepare a letter addressed to the FSMIP Staff Officer that includes the following information:

- The number of additional months needed and the new ending date.
- A justification for the request for more time.
- A summary of progress to date in terms of the project timeline and objectives. The summary may reference the most recent Progress Report and indicate how circumstances have changed since then.
- An estimate of the remaining grant and matching funds.
- A projected timetable to complete the project.

The letter should be scanned and emailed to the FSMIP Staff Officer, and the original should be retained in the recipient's project file.

5.5 Program Income

Prior approval is required with regard to any program income generated by the project that was not approved in the original proposal. Appropriate uses for program income include: 1) expanding the project or program; 2) continuing the project or program after the grant or subgrant support ends; 3) supporting other projects or programs that further the broad objectives of the grant program; or 4) obtaining equipment or other assets needed for the project or program; or 5) for other activities that further the grant program's objectives.

5.6 Foreign Travel

Prior approval is required for trips taken outside the United States in connection with a FSMIP project. Before the travel takes place, the recipient should prepare a letter addressed to the FSMIP Staff Officer that includes the following: 1) travel destination; 2) dates of travel; 3) purpose of travel; 4) names and titles of travelers whose expenses will be paid in full or in part with FSMIP funds; and 5) an estimate of the amount of FSMIP and matching funds to be expended on the travel.

6. UNALLOWABLE COSTS

The following costs are unallowable under this award unless otherwise permitted by law or approved by the Federal Agency:

- a. Costs which lie outside the scope of the approved project and any amendments thereto.
- b. Costs of advertising and public relations designed solely to promote the governmental unit.
- c. Alcoholic beverages except when the costs are associated with implementing a project and prior approval is given from the Federal Agency.
- d. Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs.
- e. Capital expenditures for general purpose, including purchases of building(s); construction, repair, or rehabilitation of building(s); and land acquisition.
- f. Costs associated with capital expenditures for special purpose equipment with a unit cost of \$5,000 or more without prior approval from the Federal Agency. Special purpose equipment listed in the approved project budget is considered approved by the Federal Agency. "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines surgical instruments and spectrometers.
- g. Contributions to a contingency reserve or any similar provision (rainy day funds) made for events the occurrence which cannot be foretold with certainty as to time, intensity, or with assurance of their happening.
- h. Donated or volunteer services may be furnished to a recipient by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost.
- i. Contributions or donations, including cash, property, and services, made by the recipient, regardless of the recipient.
- j. Entertainment costs including amusement, diversion, and social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) regardless of their apparent relationship to project objectives.

k. Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare, State Government contract airfare if applicable, or the lowest commercial discount airfare.

l. Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the State or local governmental unit to comply with, Federal, State, local, or Indian tribal laws and regulations.

m. Organized fund raising, 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.

n. General costs of State or local government including:

(1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision or the chief executive of Federally-recognized Indian tribal government;

(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 judiciary branch of a government;

(4) Costs of prosecutorial activities; and

(5) Costs of other general types of government services normally provided to the general public, such as fire and police.

o. Costs of goods or services for personal use do the governmental unit's employees regardless of whether the cost is reported as taxable income to the employees.

p. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments.

q. Development or participation in lobbying activities including costs of membership in organizations substantially engaged in lobbying.

r. Development or participation in political activities in accordance with provisions of the Hatch Act ([5 U.S.C. 1501-1508](#) and [7324-7326](#)).

- s. Costs that are incurred after the grant ending date.

This list is not all-inclusive. Questions regarding allowability of particular cost items should be directed to the FSMIP Staff Officer.

7. FINANCIAL MANAGEMENT STANDARDS

7.1 *General Provisions.*

Recipients must comply with the following:

- a. The recipient must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds, and meet the requirements of [7 CFR part 3016.20](#) or [7 CFR part 3019.21](#).

- b. Grant and subgrant records shall provide for complete accurate and current disclosure of financial results.

- c. The source and application of funds shall be readily identified by the continuous maintenance of updated records. Records, as such, shall contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, outlays, and income. When the recipient is a governmental entity, the records shall also contain liabilities.

- d. Effective control over and accountability for all grant or subgrant funds and real and personal property assets shall be maintained. Recipients and subrecipients shall adequately safeguard all such property and shall ensure that it is used solely for authorized purposes. In cases where projects are not 100 percent Federally funded, recipients and subrecipients must have effective internal controls to assure that expenditures financed with Federal funds are properly chargeable to the grant supported project.

- e. The actual and budgeted amounts for each grant or subgrant shall be compared. Financial information shall be related to performance and unit cost data. Estimates based on available documentation may be accepted for unit cost data.

- f. There shall be specific procedures established for minimizing the time elapsing between the transfer of funds from the Federal Agency and disbursement by recipients and subrecipients.

g. Established procedures shall be used for determining the reasonableness, allowability, and allocability of costs in accordance with the cost principles listed in Section 1.2 of this document.

h. Accounting records shall be supported by source documentation. These documentations include, but are not limited to, cancelled checks, paid bills, payrolls, contract, and sub grant award documents.

i. A systematic method shall be employed by each recipient to assure timely and appropriate resolution of audit findings and recommendations.

8. MATCHING REQUIREMENT

FSMIP grants must be matched dollar-for-dollar with cash and/or in-kind non-Federal resources. Documentation of matching funds must be in compliance with the applicable Federal administrative provisions found in [7 CFR part 3015, Subpart G—Cost-Sharing or Matching](#) and [7 CFR part 3016, Subpart C—Post-Award Requirements](#), or [7 CFR 3019 Subpart C—Post-Award Requirements](#). State appropriations, as well as funds or other resources contributed by farm organizations, trade associations and other project participants, can be used to satisfy the matching fund requirement. In-kind matching contributions must be properly documented. This documentation does not have to be provided to the Federal Agency but it must be retained in the recipient's project file and made available upon request to the Federal Agency.

Documentation of personnel time contributed to the project may include the following:

- (1) If the contribution is valued based on a rate per day or hours worked, include the rate and the dates and/or hours worked;
- (2) If the contribution is based on a rate per unit of service provided, such as the number of producers receiving one-on-one technical assistance, include the rate, the number of units of service provided, and the beginning and ending dates of the overall period of service; or
- (3) If the fee is determined on some other basis, include the basis for determining the fee and the beginning and ending dates of the period in which services were provided.

If the matching contribution is in a form other than personnel time, consult the FSMIP Staff Officer about how to properly document the contribution. Program income cannot be offered as a match.

9. PROCUREMENT

9.1 Procurement Policy

The recipient's procurement policies and procedures shall meet the standards specified in [7 CFR 3016.36](#) or [7 CFR 3019.40 through 3019.48](#).

a. The recipient shall maintain written standards of conduct that prohibit its officers, employees, agents, or others engaged in awarding and administering contracts supported by Federal funds from using their positions for any purpose that is, or gives the appearance of being, motivated by a desire for private financial gain for themselves or others with whom they have close ties. These standards must include provisions that govern the conduct of the recipient's employees in connection with procurement activities. Such standards should reflect State and local laws and must cover financial interests, gifts, bribes, gratuities, favors, and related areas as appropriate and necessary. In addition, they must identify the conditions under which outside activities or interests are proper or improper, provide for prompt notification of violations to a responsible and objective institutional official, and make provision for disciplinary action against those who violate the standards.

b. A copy of these written standards does not have to be submitted to the Federal Agency for approval or recordkeeping purposes; however, they must be made available for review by the Federal Agency or its designated representatives, if requested.

c. All procurement transactions, regardless of whether by sealed bids or by negotiation, and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition.

9.2 Contractor Records

Recipients shall include a provision for access to the contractor's records by the recipient and the Federal Agency. The provision must require the contractor to place the same provision in any subcontract which would have to have the provision were it awarded by the recipient. The provision must require retention of records for three years after final payment is made under the contract or subcontract and all pending matters are closed. The provision must also require that, if any audit, litigation, or other action involving the records is started before the end of the three year period, the records must be retained until all issues arising out of the action are resolved or until the end of the three year period, whichever is later.

a. In contracts and subcontracts under a subgrant, the provision must require that access to the records be provided to the recipient as well as the subrecipient and the Federal Agency.

b. In contracts in excess of \$10,000, a provision requiring compliance with Executive Order 11246, concerning equal employment opportunity as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Chapter 60) is required.

10. CONSULTANTS

Charges for consulting payments must be supported in the records of the recipient or cost-type contractor by an invoice from the consultant and a copy of the written report (if a report is appropriate) or other documented evidence of the work performed from the consultant.

If any of the following information is not shown on the invoice and/or report from the consultant, the information must be shown in a memorandum or other document prepared by the recipient or contractor for its files, or noted in handwriting on the consultant's invoice by the recipient or contractor. The memorandum, other document, or handwritten notation must be signed by an official of the recipient or contractor and show:

- a. The name of the consultant;
- b. The nature of the services provided (such as statistical analysis of data, participation on project advisory committee, etc.);
- c. The relevance of the services to the project or program, if not apparent from the nature of the services; and
- d. Whichever of the following is applicable:
 - (1) (If the fee was based on a rate per day or hours worked) the rate and the dates and/or hours worked;
 - (2) (If the fee was based on a rate per unit of service provided, such as the number of producers receiving one-on-one technical assistance) the rate, the number of units of service provided, and the beginning and ending dates of the overall period of service; or
 - (3) (If the fee was determined on some other basis) the basis for determining the fee and the beginning and ending dates of the period in which services were provided.

If the consultant services were in a form other than personnel time, contact FSMIP about how to properly document the services.

11. SUBAWARDS

Recipients must:

- a. Not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal Assistance program under [Executive Order 12549](#), “Debarment and Suspension.”
- b. Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations.
- c. Ensure that subrecipients are aware of requirements imposed upon them by Federal statutes and regulations.
- d. Ensure that a provision for compliance with [7 CFR 3016.42](#) “Retention and access requirements for records” or [7 CFR 3019.53](#) “Retention and access requirements for records” is placed in every cost reimbursement subgrant.
- e. Conform any advances of grant funds to subrecipients substantially to the same standards of timing and amount that apply to cash advances by Federal agencies.

12. LIMIT OF FEDERAL LIABILITY

The maximum liability of the Federal Agency to the recipient is the amount indicated in the award as obligated by the Federal Agency. Nothing in this document or other requirements of this award requires the Federal Agency to make additional award of funds or limits its discretion with respect to the amount of funding to be provided for the same or any other purpose. In the event that an erroneous amount is stated in the award, the approved budget, or any supporting documentation, the Federal Agency shall have the unilateral right to make corrections and make appropriate adjustments in the Federal Agency share of the award to align with the Federal amount authorized.

13. PAYMENTS.

It is the responsibility of Recipient Project Coordinators (not subrecipients) to prepare, sign and submit requests for payment and financial status reports to the FSMIP Staff Officer. If third parties contribute matching resources, it is the recipient’s responsibility to obtain from them the necessary financial data to complete requests for payment and financial status reports.

Copies of the appropriate forms are available at:

www.whitehouse.gov/omb/grants/grants_forms.html.

13.1 Requests for Payment – SF 270

Grant funds must be requested using standard form (SF) 270. Grant funds will be paid electronically to the bank account specified by the recipient. In addition to the request for grant funds, the SF 270 should indicate the value of any matching funds expended on the project for the period covered by the payment request. The SF 270 should be scanned and emailed to the FSMIP Staff Officer, and the original form should be retained in the recipient's project file. Grant funds should be requested at reasonable intervals during the project. The Federal Agency will require a justification in any case where the initial drawdown of grant funds is not made in the first year of the grant period, and at reasonable intervals thereafter.

Advances of grant funds are limited to the minimum amount needed to meet current disbursement needs and should be scheduled so the funds are available to the recipient as close as possible to the actual disbursements by the recipient for program costs.

Requests for payment should be scheduled so that grant funds are obligated no later than the grant ending date, and disbursed no later than 90 days after the grant ending date. Grant funds already paid to the recipient, but not used, must be refunded to the Federal Agency immediately. Contact the FSMIP Staff Officer to obtain instructions for handling the refund. Late payments are subject to an interest charge of 18 percent per annum and all penalties and administrative charges as provided under the Debt Collection Act of 1996.

13.2 Federal Financial Report – SF 425

A final SF 425 *Federal Financial Report* is required not later than 90 days after the grant ending date. The final SF 425 should reflect the cumulative financial activity, including both grant and matching funds, over the entire grant period. The SF 425 should be scanned and emailed to the FSMIP Staff Officer. The original form should be retained in the recipient's project file.

14. PERFORMANCE REPORTING

Progress Reports are due at six month intervals. A Final Report is required no later than 90 days after the grant expiration date. If the grant period is one year or less, then only one Progress Report and a Final Report are required. If the recipient does not prepare the Progress Report(s) or Final Report, it is nevertheless the Recipient Project Coordinator's responsibility to review and approve any reports prepared by a third party before forwarding them to the FSMIP Staff Officer.

14.1 Progress Reports

Progress Reports are required at the midpoint of projects approved for one year and at six-month intervals for projects of longer duration. Progress Reports should:

- Briefly summarize activities performed and milestones achieved for each objective or sub-element of the narrative.
- Note unexpected delays or impediments as well as favorable or unusual developments.
- Outline work to be performed during the succeeding period.
- Comment on the level of grant funds and matching contributions expended to date on the project.

14.2 Final Report

A Final Report of results and accomplishments is due no later than 90 days after the grant ending date. Final Reports are required to fulfill the terms of the grant agreement, and they also represent an important vehicle for sharing research findings with Federal and State agencies and the public. The Final Report will be posted on the FSMIP website. It must include:

- An outline of the issue or problem. Provide enough background information for the reader to understand the importance of the project. This section may draw from the background and justification contained in the approved project proposal.
- A description of how the issue or problem was approached via the project. Reference the project objectives and work plan.
- A description of the contribution of public or private agency cooperators and partners.
- A summary of results, conclusions, and lessons learned. Lessons learned should cover both positive and negative aspects. Include a discussion of how the project was evaluated and whether or not project objectives were met. To the extent possible, include measurable results.
- A discussion of current or future benefits to be derived from the project.
- Recommendations for future research and, if applicable, an outline of next steps or additional research that might advance the project goals.
- A description of the project beneficiaries including the number, type and scale of producers, processors, and other businesses.
- Additional information generated by the grant project such as publications, presentations, and websites.

- A contact person for the project with telephone number and email address.

Sometimes, a project will result in a large study completed by a third party. If the Final Report completed by a third party does not address the points listed above, the Recipient Project Coordinator is responsible for providing a document that discusses each of those points. An electronic version of the Final Report and all supporting documents should be e-mailed or sent to the FSMIP Staff Officer via express mail on diskette or CD.

All publications resulting from the grant should acknowledge the Federal Agency as a cooperator in the project and bear a statement that credits the grant program such as the following: *“State funds for this project were matched with Federal funds under the Federal-State Marketing Improvement Program of the Agricultural Marketing Service, U.S. Department of Agriculture.”* A similar acknowledgment is required on other media products of the grant such as audio-visuals unless the Recipient Project Coordinator receives a waiver from the FSMIP Staff Officer. Web pages devoted to the project should also include this information in a prominent location. All materials must be made available electronically and disseminated via appropriate websites.

Recipients agree to be contacted by FSMIP 12 months after filing the final report to provide an update on project outcomes and impacts.

15. SITE VISITS AND PROJECT RECORDS

Work performed under this grant is subject to inspection and evaluation at all times by Agency officials, or by any of their duly authorized representatives through such mechanisms as the review of performance reports and site visits. To the extent possible, all site visits will be made at mutually acceptable intervals and will be timed to avoid disruption to the construction work and to recipient programs and personnel.

The Federal Agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have the right of access to any books, documents, papers, or other project-related records of the recipient and its contractors under this grant for examination and audit purposes and to obtain excerpts and transcripts.

Financial records, supporting documents, statistical records, and other records pertinent to this grant award shall be retained by the recipient and its contractors for a period of three years after submission and acceptance of the final SF 425, “Federal Financial Report.” Records relating to audits, appeals, litigation, or the settlement of claims arising out of project performance shall be retained until such audits, appeals, litigation, or claims have been settled.

16. FRAUD, WASTE OR ABUSE

Anyone who becomes aware of the existence (or apparent existence) of fraud, waste, or abuse related to FSMIP 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. The OIG hotline may be reached 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, their identities are kept 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 a grant is not awarded, 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.

17. SUSPENSION/TERMINATION

If the Federal Agency, after reasonable notice to a recipient, finds that there has been a failure by the recipient to comply substantially with any provision of this award, or other applicable laws or regulations the Federal Agency may disqualify the recipient, for one or more years, from receiving future grants under FSMIP.

18. RECORD RETENTION AND CLOSEOUT

18.1 Record Retention

In accordance with Federal regulations, recipients and subrecipients must retain all records relating to the grant for a period of 3 years from the date of the final SF 425 financial status report that is submitted to the Federal Agency.

18.2 Closeout Checklist

Before the grant can be closed, the following must be submitted to the Federal Agency no later than 90 days after the grant ending date:

- 1) Final Report
- 2) Final financial statement (SF 425)
- 3) Outstanding requests for payment, if applicable (SF 270)
- 4) Refund check of any unused grant funds previously paid in advance, if applicable.

19. FSMIP CONTACT

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