

U.S. Department of Agriculture

AWARD TERMS AND CONDITIONS

SPECIALTY CROP BLOCK GRANT PROGRAM – FARM BILL

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1. Applicable Regulations

A. Administrative Provisions. This award, and subawards at any tier under this award, shall be governed to the extent applicable by the following provisions:

- 1) 7 CFR Part 3015, "Uniform Federal Assistance Regulations";
- 2) 7 CFR Part 3016, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"; and
- 3) 7 CFR Part 3019, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, Non-profit Organizations, and For-Profit Organizations."
- 4) 7 CFR Part 3052, "Audit of States, Local Governments, and Non-profit Organizations"

The Code of Federal Regulations is accessible through the [National Archives and Records Administration](#).

B. 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 grantee 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., prime awardee, subaward) as are in effect at the time of award:

- 1) 2 CFR Part 225 (OMB Circular No. A-87), "Cost Principles for State, Local, and Indian Tribal Governments";
- 2) 2 CFR Part 220 (OMB Circular No. A-21), "Cost Principles for Educational Institutions";
- 3) 2 CFR Part 230 (OMB Circular No. A-122), "Cost Principles for Nonprofit Organizations"; and

A complete list of current OMB Circulars can be found on the [White House Web site](#).

- 4) Federal Acquisition Regulations (48 CFR Part. 31.2), Principles for determining costs with profit making firms, "Contracts with Commercial Organizations."

The Code of Federal Regulations is accessible through the [National Archives and Records Administration](#).

2. Definitions

A. Federal Agency – Specialty Crop Block Grant Program-Farm Bill (SCBGP-FB), Agricultural Marketing Service (AMS), United States Department of Agriculture (USDA).

B. 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 USDA. The project coordinator's address, telephone, and facsimile numbers are as follows:

Trista Etzig
Specialty Crop Block Grant Program

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USDA, Agricultural Marketing Service
1400 Independence Avenue, SW
Room 2077 – South
Washington, DC 20250-0235
Telephone: (202) 690-4942
Facsimile: (202) 720-0016

- C. Capital Expenditures** – expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life.
- D. Consultant** – a person who provides advice or services for a fee, but not as an employee. The term includes guest speakers when not acting as employees of the party that engages them. Note that in unusual cases it is possible for a person to be both an employee and a consultant at the same time.
- E. Equipment** – tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost that equals or exceeds \$5,000 per unit.
- F. General Purpose Equipment** – equipment, which is not limited to research, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles.
- G. 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 grantee.
- H. Grantee/State Agency** – the government agency to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.
- I. Obligations** – the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given grant period that will require payment by the grantee during the same or a future period.
- J. Program Income** – gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the time between the effective date of the award and the ending date of the award reflected in the final financial report.
- K. Special Purpose Equipment** – equipment, which is used only for research, scientific, or other technical activities used solely to enhance the competitiveness of eligible specialty crops and benefit the specialty crop industry.

- L. State** – any of the fifty States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and American Samoa.
- M. State Agency Project Coordinator** – the individual who is authorized to commit the grantee's time and other resources to the project in order to ensure that the grantee remains in compliance with the terms and conditions of the award instrument including those set out herein, and to otherwise act for or on behalf of the grantee.
- N. Subgrant** – an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases or any form of assistance which is excluded from the definition of grant in this part.
- O. Subgrantee/Project Partner** – the government or other legal entity to which a subgrant is awarded and is accountable to the grantee for the use of the funds provided.
- P. Supplies** – all tangible personal property other than equipment.
- Q. Unobligated balance** – the portion of funds authorized by the Federal Agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized.

3. National Policy Requirements

Drug-free Workplace

The State Agency must comply with drug free workplace requirements in Subpart B of 2 CFR Part 421, which implements sec. 5151 5160 of the Drug Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701, et seq.).

Officials Not to Benefit

The State Agency must comply with the requirement that no member of Congress shall be admitted to any share or part of this agreement, or to any benefit arising from it, in accordance with 41 U.S.C. 22.

Trafficking

The State Agency and all subgrantees must comply with 2 CFR Part 175, Award Term for Trafficking in Persons.

Suspension and Debarment

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 for USDA's non-procurement transactions. "Non-procurement transactions" include grant agreements. 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 primary or lower-tier transaction. Because individuals, who have been debarred, suspended, declared ineligible or who have been voluntarily excluded from covered transactions, may not receive Federal funds for a specified period of time, charges made to USDA grants for such individuals (e.g., salary) are unallowable.

The State Agency is required to disclose if any of the following conditions apply to them or their principals, including the Grantee 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 have had any public transaction (Federal, State, or local) terminated for cause or default.

Disclosure of unfavorable information by a sub-applicant should be reported to the State Agency. The State Agency must disclose the unfavorable information to SCBGP-FB at which point the SCBGP-FB will consider the information as part of the determination of whether the State Agency may award funds to that particular sub-applicant.

In addition to reviewing any information submitted by the sub-applicant, the State Agency will determine whether the sub-applicant is excluded from receiving Federal funds on the *System for Awards Management (SAM)* at www.sam.gov and document the results. This system is a centrally maintained government-wide database that includes the names of organizations and individuals that have been debarred, suspended, declared ineligible, or been voluntarily excluded; the reasons for that status; and the duration of that status.

A variety of “lower-tier” transactions also are subject to these requirements. Contracts (including individual consultants) under grants (where the contract requires the provision of goods or services that will equal or exceed \$25,000) and all subawards also are subject to these suspension and debarment rules. A grantee is required to comply with the requirements of [2 CFR Part 180.300 through 180.365](#) as a condition of its award from the Federal Awarding Agency. The grantee must include a requirement in any covered transaction at the next lower tier to comply with those same regulatory provisions. One of those provisions is that, before entering into a covered transaction, the grantee or lower-tier participant

must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking SAM at www.sam.gov, collecting a certification from the organization or individual, or adding a clause or condition to the covered transaction with that entity.

Lobbying

Applicants for (and recipients of) Federal grants, cooperative agreements, contracts, and loans are prohibited by [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.

Applicants for the SCBGP-FB with total costs expected to exceed \$100,000 are required to 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.

The [SF-LLL, “Disclosure of Lobbying Activities”](#) is required to be submitted with the signed grant agreement 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 this award.

Central Contractor Registration and Universal Identifier Requirements

1) Requirement for Central Contractor Registration (CCR)

Unless you are exempted from this requirement under 2 CFR Part 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information.

2) Requirement for Data Universal Numbering System (DUNS) Numbers

If you are authorized to make subawards under this award, you:

- (i) Must notify potential subrecipients that no entity (see definition in paragraph 3) of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.

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- (ii) May not make a subaward to an entity unless the entity has provided its DUNS number to you.

3) Definitions

For purposes of this award term:

- (i) Central Contractor Registration (CCR) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the CCR Internet site (currently at <http://www.sam.gov>).
- (ii) Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).
- (iii) Entity, as it is used in this award term, means all of the following, as defined at 2 CFR Part 25, subpart C:
 - a) A Governmental organization, which is a State, local government, or Indian Tribe;
 - b) A foreign public entity;
 - c) A domestic or foreign nonprofit organization;
 - d) A domestic or foreign for-profit organization; and
 - e) A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
- (iii) Subaward:
 - a) This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b) The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. ----.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - c) A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
- (iv) Subrecipient means an entity that:
 - a) Receives a subaward from you under this award; and
 - b) Is accountable to you for the use of the Federal funds provided by the subaward.

Reporting Subawards and Executive Compensation

- 1) Reporting of first-tier subawards.
 - (i) Applicability.
 - a) Unless you are exempt as provided in paragraph 4) of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, PL 111-5) for a subaward to an entity (see definitions in paragraph 5) of this award term).

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- (ii) Where and when to report.
 - a) You must report each obligating action described in paragraph 1)(i) of this award term to <http://www.fsr.gov>.
 - b) For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
- (iii) What to report.
 - a) You must report the information about each obligating action that the submission instructions posted at <http://www.fsr.gov> specify.
- 2) Reporting Total Compensation of Recipient Executives.
 - (i) Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if--
 - a) the total Federal funding authorized to date under this award is \$25,000 or more;
 - b) in the preceding fiscal year, you received--
 - 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR Part 170.320 (and subawards); and
 - \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR Part 170.320 (and subawards); and
 - c) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 USC 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
 - (ii) Where and when to report. You must report executive total compensation described in paragraph 2)(i) of this award term:
 - a) As part of your registration profile at <http://www.sam.gov>.
 - b) By the end of the month following the month in which this award is made, and annually thereafter.
- 3) Reporting of Total Compensation of Subrecipient Executives.
 - (i) Applicability and what to report. Unless you are exempt as provided in paragraph 4) of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if--
 - a) In the subrecipient's preceding fiscal year, the subrecipient received--
 - 80 percent or more of its annual gross revenues from Federal procurement contracts (and Subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR Part 170.320 (and subawards); and

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- \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and
 - b) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 USC 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
- (ii) Where and when to report. You must report subrecipient executive total compensation described in paragraph 3)(i) of this award term:
- a) To the recipient.
 - b) By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.
- 4) Exemptions
- If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:
- a) Subawards, and
 - b) The total compensation of the five most highly compensated executives of any subrecipient.
- 5) Definitions. For purposes of this award term:
- (i) Entity means all of the following, as defined in 2 CFR Part 25:
- a) A Governmental organization, which is a State, local government, or Indian tribe;
 - b) A foreign public entity;
 - c) A domestic or foreign nonprofit organization;
 - d) A domestic or foreign for-profit organization;
 - e) A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
- (ii) Executive means officers, managing partners, or any other employees in management positions.
- (iii) Subaward:
- a) This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b) The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. ---- .210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - c) A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

- (iv) Subrecipient means an entity that:
- a) Receives a subaward from you (the recipient) under this award; and
 - b) Is accountable to you for the use of the Federal funds provided by the subaward.
- (v) Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR Part 229.402(c)(2)):
- a) Salary and bonus.
 - b) Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 - c) Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
 - d) Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 - e) Above-market earnings on deferred compensation which is not tax-qualified.
 - f) Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

4. Compensation for Personnel Services

Charges for salaries and wages, whether treated as direct or indirect costs, shall comply with 2 CFR Part 225, Appendix B, 8 and be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the governmental unit.

Employees who work solely on a single federal award or cost objective must support their salaries and wages with a signed “certification” at least semiannually. The “certification” shall be kept in the grantee or subgrantee files for review by the Federal Agency.

Employees who work on multiple activities or cost objectives must support their salaries and wages with activity reports to include:

- after-the-fact reporting of actual distribution of activities;
- account for the total activity for which the employee is compensated; and
- the employee’s signature.

The activity reports must be prepared at least monthly and coincide with one or more pay periods. The activity reports shall be kept in the grantee or subgrantee files for review by the Federal Agency.

5. Changes Requiring Prior Approval

The following items require a written notification via email:

Change Key Personnel

Absence or Change in State Agency Key Personnel – When it is necessary to change the Grantee Project Coordinator for the State Agency for a period of more than three consecutive months, the State Agency shall submit a written notification (email is acceptable) to the Federal Agency. The notification shall contain the new individuals name and contact information.

Absence or Change in Subgrantee/Project Partner - When a subgrantee/project partner plans to: relinquish active direction of the project for a period of more than three consecutive months, the State Agency shall submit a written notification (email is acceptable) to the Federal Agency. The notification shall contain the new subgrantee organization or name as well as the approved project title and SCBGP-FB grant agreement number affected.

The following items require a written request, including signature of the Grantee Project Coordinator for the State Agency and the Federal Agency Project Manager before the request is approved. The Federal Agency will accept a faxed document or PDF file with a signature.

Change in Scope or Objectives

When it is necessary to modify the project purpose or expected measurable outcomes or substantially change the proposed work plan activities of an award, submit a written justification for the change and include:

- i. The SCBGP-FB grant agreement number(s) affected by the change(s);
- ii. The approved project title(s) affected by the change(s);
- iii. A description of the revised scope or objectives of the award; and
- iv. The signature of the Grantee Project Coordinator for the State Agency.

If requesting to discontinue all or a portion of a project in order to add a new project, submit a written justification for the change with the new project proposal to include:

- 1) Project Title;
- 2) Project Partner;
- 3) Project Abstract;
- 4) Project Purpose;
- 5) Potential Impact;
- 6) Expected Measurable Outcomes;
- 7) Work Plan;
- 8) Budget Narrative;
- 9) Project Oversight;
- 10) Project Commitment; and
- 11) Signature of the Grantee Project Coordinator for the State Agency.

No-Cost Extension of Time

Where an extension of time is required; the extension(s) must be received in writing no later than 60 days prior to the expiration date of the award. The request from the Grantee Project Coordinator for the State Agency must contain the following information:

- 1) The SCBGP-FB grant agreement number(s) affected by the change;
- 2) The length of additional time required to complete project objectives and a justification for the extension;
- 3) A summary of progress to date (status of project timeline and objectives...etc.);
- 4) An estimate of remaining funds on the scheduled expiration date;
- 5) A projected timetable to complete the project for which the extension is being requested; and
- 6) Signature of the Grantee Project Coordinator for the State Agency.

Note: All awards are limited to 3 calendar years from the start date of the grant agreement period.

Budget Change

A budget change must be approved in writing by the SCBGP-FB when the cumulative amount of a transfer among:

- direct cost categories within the project's approved budget narrative or
- separately budgeted projects within the approved State Plan and amendments

equals or exceeds 20 percent (20%) of the budget of any project. A request for a budget change shall include:

- 1) The SCBGP-FB grant agreement number affected by the change;
- 2) The approved project title(s) affected by the change;
- 3) A description of the change;
- 4) A justification for the change; and
- 5) Signature of the Grantee Project Coordinator.

Note that if the cumulative amount of the allowable budget change is less than 20 percent (20%); prior SCBGP-FB approval is not required.

Special Purpose Equipment

Costs associated with capital expenditures for special purpose equipment with a unit cost of \$5,000 or more must be approved in writing by the SCBGP-FB. Such a request may be included in a budget or scope change request indicated above or submitted separately and shall include:

- 1) The SCBGP-FB grant agreement number for which the special purpose equipment will be purchased;
- 2) The approved project title(s) for which the special purpose equipment will be purchased;
- 3) A detailed description of the equipment;
- 4) A justification for the purchase of the equipment, including how it will further the objectives of the project and benefit the specialty crop industry, rather than one individual or organization;

- 5) A description of how the equipment will be used to solely enhance the competitiveness of specialty crops;
- 6) Equipment pricing information; and
- 7) Signature of the Grantee Project Coordinator.

Foreign Travel and Travel Costs of Government Officials

All foreign travel and each separate domestic or foreign trip involving a government official’s travel costs must be submitted in writing for prior approval from SCBGP-FB. For the purposes of this provision, Government officials are defined as individuals representing the Office of the Governor of a State, the chief executive of a political subdivision, or the chief executive of federally-recognized Indian tribal government; members of the state legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., and the judiciary branch of a government. For the purposes of this provision, “foreign travel” includes any travel outside Canada, Mexico, the United States, and any United States territories and possessions. An applicant with a proposal that involves foreign market development must determine if the project is more appropriate for grant programs administered by the Foreign Agricultural Service or funded through the State-Regional Trade Groups. The SCBGP-FB recommends that applicants search the Foreign Agricultural Service data base of GAIN reports (<http://gain.fas.usda.gov/Pages/Default.aspx>) to ensure that proposals will not duplicate activities that are already funded. Any proposal involving foreign travel must be well justified. A foreign travel modification request may be included in a budget or scope change request indicated above or submitted separately and shall include:

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

Waiver of Prior Approvals

The SCBGP-FB waives certain direct cost-related and other prior approval requirements and provides authority for the recipient to undertake these activities and expenditures without the need for SCBGP-FB prior approval. These operating authorities are termed “expanded authorities.” A summary of the expanded authorities and exceptions are included below.

May exercise as expanded authority

Except

Transfer of funds allotted for training allowances (e.g., from direct payments to trainees to other expense categories).	If the transfer would result in a scope or budget change that requires prior approval.
In research projects, a change in the project director or principal investigator.	If the subgrantee organization changes.
Contracting out or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award.	If the transfer would result in a scope or budget change that requires prior approval.
If direct cost rebudgeting or unobligated balances of Federal funds result in the need for a lesser amount of indirect costs than awarded or a higher permanent rate results in a need for additional indirect costs beyond those awarded, not to exceed the limit on indirect costs, recipients may rebudget between direct and indirect costs (in either direction) to accommodate such an increase or decrease.	If the transfer would constitute a change in the scope of the project.

6. Unallowable Costs

In addition to the guidance concerning proper expenditures provided in 2 CFR Part 225, 2 CFR Part 220, 2 CFR Part 230, and 48 CFR Part 31.2, the following costs are considered unallowable under this award.

- A. Costs which lie outside the scope of the approved project(s) 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 enhancing the competitiveness of wine grapes 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 equipment, buildings, and land.
- F. Costs associated with capital expenditures for special purpose equipment with a unit cost of \$5,000 or more without approval from the Federal Agency. Note: Approval from the Federal Agency means that the special purpose equipment must be included in the State Plan, and the State Plan must receive approval from the Federal Agency.
- G. Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening.
- H. Contractual hourly rates that exceed the salary of a GS-14 step 10 Federal employee in your area (for more information please go to <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/#url=2013>), unless an acceptable justification is provided.

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- I. Donated or volunteer services may be furnished to a governmental unit 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.
- J. Contributions or donations, including cash, property, and services, made by the governmental unit, regardless of the grantee.
- K. 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.
- L. Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare, or the lowest commercial discount airfare.
- M. Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with, Federal, State, local, or Indian tribal laws and regulations.
- N. 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.
- O. General Costs of 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.
- P. Costs of goods or services for personal use of the governmental unit's employees regardless of whether the cost is reported as taxable income to the employees.
- Q. Indirect costs that are above the 10% limit.
- R. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments.
- S. Development or participation in lobbying activities including costs of membership in organizations substantially engaged in lobbying.
- T. Business meals when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting.
- U. Development or participation in political activities in accordance with provisions of the Hatch Act (5 USC 1501-1508 and 7324-7326).

- V. Cost associated with supplanting State funds.

7. Financial Management Standards

The State Agency must expend and account for funds in accordance with State laws and procedures that apply to the expenditure of and the accounting for the State's own funds as long as those procedures are sufficient to permit preparation of required reports and tracing of expenditures to a level adequate to establish that award funds have not been used in violation of any applicable statutory restrictions or prohibitions.

All other types of subgrantees must use financial systems that enable them to do the following:

- Provide accurate, current, and complete financial information about Federal awards and, for subawards, reasonable procedures for ensuring that subgrantees provide financial reports in sufficient time to allow preparation of SCBGP-FB required reports.
- Maintain records that adequately identify the sources of funds for federally assisted activities and the purposes for which the award was used, including authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and any program income. Accounting records must be supported by source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents.
- Maintain effective control over and accountability for all cash, real and personal property, and other assets under the award; adequately safeguard those assets; and ensure that they are used only for authorized purposes. In cases where projects are not 100 percent Federally funded, grantees and subgrantees must have effective internal controls to assure that expenditures financed with Federal funds are properly chargeable to the grant supported project.
- Compare actual expenditures or outlays with approved budgeted amounts for each approved grant or subgrant. Financial information shall be related to performance and unit cost data. Estimates based on available documentation may be accepted for unit cost data.
- Determine the allowability of costs in accordance with the applicable Federal cost principles, program regulations, and other requirements cited in the Grant Agreement. This includes the ability to readily identify unobligated balances, accelerated or delayed expenditures, and cost transfers.
- Minimize the time elapsing between any advance payment under this award and the disbursement of the funds for direct program costs and the proportionate share of any allowable indirect or facilities and administrative costs, and ensure that the timing and amount of any payments to subgrantees conform to this standard.
- All grant funds must be obligated (encumbered) by the expiration date of the grant agreement and liquidated within 90 days after the expiration date. Any unobligated (unencumbered) balance of cash at the end of this period must immediately be refunded back to the SCBGP-FB.

Grantees must notify the SCBGP-FB when financial management problems are discovered. Deficiencies in a grantee’s financial management system, whether reported by the grantee or identified by the SCBGP-FB may result in the imposition of special award conditions or other increased monitoring by the Federal awarding office.

8. Procurement

Grantees may acquire a variety of commercially available goods or services in connection with a grant-supported project or program. A State Agency may follow the same policies and procedures it uses for procurements from non-Federal funds. All other subgrantees must follow the requirements in [7 CFR Part 3019.40 through 48](#) or [3016.36](#), as applicable, for the purchase of goods and services through contracts under grants.

A contract under a grant must be a written agreement between the grantee and the third party. The contract must, as appropriate, state the activities to be performed; the time schedule; the policies and requirements that apply to the contractor, including those required by [7 CFR Part 3019.48](#) or [3016.36\(i\)](#) and other terms and conditions of the grant (these may be incorporated by reference where feasible); the maximum amount of money for which the grantee may become liable to the third party under the agreement; and the cost principles to be used in determining allowable costs in the case of cost-type contracts. The contract must not affect the grantee’s overall responsibility for the direction of the project or program and accountability to the Federal government. Therefore, the agreement must reserve sufficient rights and control to the grantee to enable it to fulfill its responsibilities.

9. Consultants

- A. Charges for consulting payments must be supported in the records of the grantee 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.
- B. 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 grantee or contractor for its files, or noted in handwriting on the consultant's invoice by the grantee or contractor. The memorandum, other document, or handwritten notation must be signed by an official of the grantee or contractor and show:
 - 1) The name of the consultant;
 - 2) The nature of the services provided (such as statistical analysis of data, participation on project advisory committee, etc.);
 - 3) The relevance of the services to the project or program, if not apparent from the nature of the services; and
 - 4) Whichever of the following is applicable:
 - (i) (If the fee was based on a rate per day or hours worked) the rate and the dates and/or hours worked;

- (ii) (If the fee was based on a rate per unit of service provided) the rate, the number of units of service provided, and the beginning and ending dates of the overall period of service; or
- (iii) (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.

10. Property Management

Special purpose equipment is defined as tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost that equals or exceeds \$5,000 per unit. The cost of an item of nonexpendable special purpose equipment is the net invoice cost of the item, including necessary modifications for which it was acquired, fabricated, or constructed. Other charges such as the cost of installation, transportation, taxes, insurance, and the like, may be included or excluded from the unit acquisition cost in accordance with the grantees or subgrantees accounting practices.

Title to special purpose equipment and supplies acquired by the grantee or subgrantee will vest, upon acquisition, in the grantee or subgrantee, respectively.

A State Agency will use, manage, and dispose of special purpose equipment acquired under a grant in accordance with State laws and procedures.

All other grantees are subject to the full range of acquisition, use, management, and disposition requirements of [7 CFR Parts 3019.34 and 3019.35](#) or [7 CFR Part 3016.32 and 3016.33](#) as applicable. Grantees must meet the following property management standards for equipment acquired under a grant:

- Records that adequately identify (according to the criteria specified in the regulations above) items of equipment owned or held by the grantee and state the current location of each item
- A physical inventory of the equipment, at least once every 2 years, to verify that the items in the records exist and either are usable and needed or are surplus (a statistical sampling basis is acceptable)
- Control procedures and safeguards to prevent loss, damage, and theft
- Adequate maintenance procedures to keep the equipment in good condition
- Proper sales procedures when the grantee is authorized to sell the equipment
- The subgrantee 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

When the special purpose equipment is no longer needed by the grantee or subgrantee and the per-unit fair market value is less than \$5,000, the grantee or subgrantee may retain, sell, or dispose of the equipment with no further obligation to the Federal Agency. If, on the other hand, the per-unit fair market value is \$5,000 or more, then the grantee or subgrantee must submit a written request to the Federal Agency for disposition instructions.

Title to supplies acquired under this award will vest, upon acquisition, in the grantee or subgrantee respectively. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair

market value upon termination or completion of the award, and if the supplies are not needed for any other federally-sponsored programs or projects, the grantee or subgrantee shall compensate the Federal Agency for its share.

See 7 CFR Part 3015 Subpart R - Property for additional information pertaining to nonexpendable equipment.

11. Inventions and Patents

If any university, non-profit organization, or small business firm subgrantee or contractor performing experimental research and development work produces patentable items, patent rights, processes, or inventions in the course of work sponsored by the Federal award, subaward, or contract, such facts must be promptly and fully reported to the Federal Agency. Disclosure requirements and disposition will be determined in accordance with the provisions of the Bayh-Dole Act of 1980 ([35 U.S.C. 200](#)), as implemented in [37 CFR Part 401](#), apply.

Title to inventions and patents vests with the university, non-profit organization, or small business firm subgrantee or contractor performing the experimental research and development work; however, the Federal government retains the following rights:

- Nonexclusive license to the invention or patent
- “March-in” rights to assume title to inventions if the invention owner fails to patent or commercialize the invention

Furthermore, should the university, non-profit organization, or small business firm subgrantee or contractor decline its right to title of a patent or invention, the government then assumes those rights.

Inventors are required to disclose inventions within 2 months of development and declare election to the title within 2 years.

Inventors are required to file patent applications on inventions that they elect to own or must notify the government about these inventions if they do not intend to do so.

Inventors are encouraged to promote the utilization of inventions arising from federal funding.

The subgrantee or contractor shall have 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.

12. Publications

As a means of sharing knowledge, the Federal Agency encourages grantees, subgrantees, and contractors to arrange for publication of the results and accomplishments of SCBGP-FB supported activities. SCBGP-FB prior approval is not required for publishing the results of an activity under a grant. Grantees, subgrantees, and contractors also may assert copyright in scientific and technical articles

based on data produced under the grant and transfer it to the publisher or others where necessary to effect journal publication or inclusion in proceedings associated with professional activities. Any such transfer is subject to the royalty-free, non-exclusive and irrevocable license to the Federal government and any agreement should note explicitly that the assignment is subject to the government license. Journal or other copyright practices are acceptable as provided in [7 CFR Part 3016.34](#) or [7 CFR Part 3019.36](#).

For each publication that results from SCBGP-FB supported activities, grantees, subgrantees, and contractors must include an acknowledgment of grant support using the following statement:

This publication [or project] was supported by the Specialty Crop Block Grant Program at the U.S. Department of Agriculture through grant {Insert Grant Agreement Number}. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

13. Subawards

The State Agency grantee is accountable to the Federal Agency for the performance of the project and the appropriate expenditure of grant funds by all parties. In general, the requirements that apply to the State department of agriculture, grantee including the intellectual property and program income requirements of the award, also apply to subgrantees. The State Agency grantee is responsible for including the applicable requirements of the SCBGP-FB in its subaward agreements.

The grantee must enter into a formal written agreement with each subgrantee that addresses the arrangements for meeting the programmatic, administrative, financial, and reporting requirements of the grant, including those necessary to ensure compliance with all applicable Federal regulations and policies. At a minimum, the subaward agreement must include the following:

- Identification of the individuals responsible for the programmatic activity at the subgrantee organization along with their roles and responsibilities.
- Reference to approved project proposal activities and budget.
- A provision to comply with the applicable grant uniform administrative requirements based on the subgrantees organization type (see [Section 1. Applicable Regulations](#)).
- If different from those of the grantee, a determination of policies to be followed in such areas as:
 - Contractors (see restrictions on Contractual costs under [Section 6. Unallowable Costs](#) and the policies and requirements that apply to contractors under [Section 8. Procurement](#));
 - Consultants (see documentation standards for Consultants under [Section 9. Consultants](#));

- Travel reimbursement (see allowable travel costs under [Section 6. Unallowable Costs](#)); and
- Salaries and fringe benefits (see documentation standards for salaries and wages under [Section 4. Compensation for Personnel Services](#)).

The sub-recipient may use its own policies as long as they meet USDA SCBGP requirements.

- Provisions regarding the requirement to include an acknowledgement of Federal support and a disclaimer on all publications, printed materials, and audiovisuals (see [Section 12. Publications](#)).
- Procedures to be followed in providing funding to the subgrantee, including dollar amount, method and schedule of payment, type of supporting documentation required, and procedures for review and approval of expenditures of grant funds. If funds are advanced, include the timing requirement for disbursing the funds for eligible activities and costs. (See [Section 15. Requests for Payment](#) and [Section 17. Earned Interest](#).)
- Provisions regarding use of program income (see [Section 16. Program Income](#)).
- A provision to comply with the audit requirements of [OMB Circular A-133](#) as implemented by USDA at [7 CFR Part 3052](#), “Audit of States, Local Governments, and Non-profit Organizations” (see [Section 20. Financial Audit Requirements](#)).
- Procedures to be followed for submitting project changes that require prior approval, including the content of the amendment request that at a minimum meet USDA SCBGP requirements (see [Section 5. Changes Requiring Prior Approval](#)).
- Incorporation of applicable national policy requirements and provisions indicating the intent of the subgrantee to comply, including submission of applicable assurances and certifications (see [Section 3. National Policy Requirements](#)).
- Provisions regarding use, maintenance, disposition, and reporting of special purpose equipment (see [Section 10. Property Management](#)).
- Provisions regarding a requirement to report inventions to the grantee and specify that the grantee has the right to request and receive data from the subgrantee on demand (see [Section 11. Inventions and Patents](#)).
- Procedures to be followed for submitting performance reports and applicable financial reports during the life of the grant and at close out, including report due dates and the content of the reports (see [Section 19. Performance Reporting](#) and [Section 21. Award Closeout](#)).
- Provisions for record retention requirements and access to records (see [Section 22. Record Retention and Access Requirements](#)).

14. Monitoring

Grantees are responsible for managing the day-to-day operations of grant-supported activities using their established controls and policies, as long as they are consistent with AMS, SCBGP requirements. However, to fulfill its role in regard to the stewardship of Federal funds, AMS, SCBGP monitors its grants to ensure expenditures conform with cost policies and to identify potential problems and areas where technical assistance might be necessary. This active monitoring is accomplished through review of performance reports and prior approval requests, audit reports, other correspondence with the grantee, desk reviews, 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 program work and to grantee programs and personnel.

Monitoring of a project or activity will continue for as long as the AMS, SCBGP retains a financial interest in the project or activity as a result of property accountability, audit, and other requirements that may continue for a period of time after the grant is administratively closed out and the AMS, SCBGP is no longer providing active grant support.

15. Requests for Payments

Grantees shall submit to AMS a properly completed Form [SF-270](#), Request for Advance or Reimbursement. Requests for advances shall be submitted at least quarterly and limited to the minimum amounts needed to meet current disbursement needs and shall be scheduled so the funds are available to the grantee as close as possible to the actual disbursements by the grantee for project costs.

Cash advances made by the grantee to subgrantee organizations shall also conform to these timing requirements. If these timing requirements cannot be met, payments must be requested on a reimbursement basis.

The SF-270 must be signed by the appropriate organizational representative and submitted to the AMS, SCBGP by email or fax. If emailing the form, please scan the signed document and attach it to the email. The SF-270 form may be sent by email to: Scblockgrants@ams.usda.gov or faxed to (202) 720-0016; Attn: Specialty Crop Block Grant Program.

Payments will be made via Electronic Fund Transfer (EFT) to the bank account specified by the grantee in www.sam.gov. The AMS, SCBGP has already obtained your organization's banking information. If your banking information is not correct or changes at any time prior to the end of your agreement, please update your registration within the System for Award Management at www.sam.gov and notify the AMS, SCBGP as soon as possible so the new banking information can be retrieved. This is vital to ensure proper and timely deposit of funds.

Requests for payments must be scheduled so that all grant funds are obligated (encumbered) at the end of the grant agreement and disbursed within 90 days after the end date of the grant agreement. Any

unobligated (unencumbered) balance of cash at the end of this period must immediately be refunded back to the AMS, SCBGP.

The obligation of funds may be terminated without further cause unless the grantee commences the timely drawdown of funds; initial drawdown must be made within the first year of the grant period.

16. Program Income

Program income is gross income—earned by a grantee, subgrantee, or a contractor under a grant—directly generated by the grant-supported activity, or earned only as a result of the grant agreement during the grant period. 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 with grant funds); registration fees for conferences, etc. If the subgrantee is other than a Federal agency, royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works is not subject to this section.

Program income earned during the grant period must be retained by the State department of agriculture grantee and used in accordance with the additive alternative for:

- 1) expanding the project or program;
- 2) continuing the projects or program after the grant or subgrant support ends; and/or
- 3) supporting other projects or programs that further enhance the competitiveness of eligible specialty crops.

State department of agriculture grantees are not accountable for program income earned after the period of grant support.

The State department of agriculture grantee as a pass-through entity is responsible for determining how program income shall be used by their subrecipients. Uses of program income in accordance with [7 CFR 3019.24](#) or [7 CFR 3016.25](#) shall be included in the State department of agriculture’s program announcement or the award terms and conditions. In the event that the State department of agriculture does not specify in its program announcement or award terms and conditions how program income is to be used, the additive alternative above shall apply.

Use of Program Income Alternatives

Alternative	Use of Program Income
Additive	Added to funds committed to the project or program and used to further eligible project or program objectives
Deductive	Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based

Matching	Used to satisfy all or part of the non-Federal share of a project or program
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17. Earned Interest

Grantees and subgrantees are expected to follow sound financial management practices that minimize the potential for excessive Federal cash on hand and to comply with the cash management requirements of [7 CFR Part 3016.20](#) and [7 CFR Part 3016.21](#). Grantees shall remit interest earned by the State Agency and their subgrantees on Federal advances deposited in interest bearing accounts to the Federal agency promptly, and at least quarterly. The State Agency grantee and state, local, and Indian tribal government subgrantees may keep interest amounts up to \$100 per year (based on the grantee’s fiscal year) for administrative expenses. Colleges, universities, non-profits, and for-profit subgrantees may keep interest amounts up to \$250 per year (based on the subgrantee’s fiscal year) for administrative expenses.

Earned interest payments due to the Federal Agency shall be made by check payable to the “Agricultural Marketing Service.” The use of express mail or courier services is required because packages sent to AMS through the United States Postal Service may be damaged or delayed due to security procedures at USDA Washington, D.C. headquarters, Express mail or courier submission should be sent to:

Specialty Crop Block Grant Program
USDA, Agricultural Marketing Service
1400 Independence Avenue, SW
Room 2077 – South
Washington, DC 20250

18. Release of Information

The Freedom of Information Act of 1966 (5 U.S.C. 552) and the Privacy Act of 1874 (5 U.S.C. 552a), as implemented by USDA’s regulations (7 CFR Part 1.1), shall govern the release or withholding of information to the public in connection with this award. The release of information under these laws and regulations applies only to records held by AMS and imposes no requirement on the State Agency or any subgrantee to permit or deny public access to their records. Requests for records or the release of information relating to this award should be directed to:

USDA, Agricultural Marketing Service
FOIA/PA Officer
Rm 3521-S
Ag Stop 0202
1400 Independence Ave., SW
Washington, DC 20250-0273
Tel. (202) 720-2498
Fax. (202) 690-3767
E-Mail – AMS.FOIA@usda.gov

The regulations cited herein do not affect the retention period for project-related records or rights of access to such records by AMS, the Comptroller General, or their authorized representatives.

19. Performance Reporting

The State Agency is responsible for monitoring day-to-day performance and for reporting progress to the Federal Agency. If a project involves subcontractual arrangements (subgrantees), the State Agency also is responsible for monitoring the performance of project activities under those arrangements to ensure that approved outcomes and work plans are met.

An Annual Performance Report is required if a grant period is more than one year in length. Annual performance reports are due within 90 days after the end of the first year from the date of the signed grant agreement and each subsequent year until the expiration date of the grant period. If the grant period is one year or less, then only a final performance report is required. An Annual Performance Report covers the most recent one-year period.

A Final Performance Report is due within 90 days following the end date of the grant agreement. A Final Performance Report covers the entire grant period of the award. Please note the importance of preparing well written Final Performance reports. These reports should NOT contain personally identifiable information or proprietary information as the reports are available to the public at www.ams.usda.gov/scbgp.

Performance reports may be submitted electronically. Detailed information on the performance reporting requirements are found in the most recent publication entitled Eligibility, Application Requirements, and Grant Management Procedures on the Specialty Crop Block Grant Program – Farm Bill website at www.ams.usda.gov/scbgp.

Failure to submit an Annual Performance Report or Final Performance Report by the due date may result in grant funds being withheld until the report has been submitted as specified.

20. Financial Audit Requirements

Grantees and subgrantees (other than Federal agencies and for-profit grantees) are responsible for obtaining audits in accordance with the audit requirements of [OMB Circular A-133](#) as implemented by USDA at [7 CFR Part 3052](#), “[Audit of States, Local Governments, and Non-profit Organizations](#).”

In general, [7 CFR Part 3052](#), “[Audit of States, Local Governments, and Non-profit Organizations](#)” requires a State government, local government, or non-profit organization (including institutions of higher education) that expend \$500,000 or more per year under Federal grants, cooperative agreements, and/or procurement contracts to have an annual audit by a public accountant or a Federal, State, or local governmental audit organization. The audit must meet the standards specified in Generally Accepted Government Auditing Standards (GAGAS). Grantees must follow a systematic method for ensuring timely and appropriate resolution of audit findings and recommendations, whether discovered as a result of a Federal audit or a grantee-initiated audit.

Award Terms and Conditions – Specialty Crop Block Grant Program – Farm Bill

The State Agency grantee is accountable for conducting and submitting an annual financial audit of the expenditures of all SCBGP funds. This requirement shall be fulfilled by the Single Audit Act or a Program-Specific Audit in accordance with [7 CFR Part 3052, “Audit of States, Local Governments, and Non-profit Organizations.”](#)

The State Agency grantee shall submit its most recent Single Audit to the SCBGP-FB 30 days after completion of the audit. If the State Agency does not submit its Single Audit, a Program Specific Audit shall be conducted within 60 days after the end date of the grant agreement. The audit results shall be submitted to the SCBGP-FB not later than 30 days after completion of the audit. A link to the audit report or an electronic version of the audit report shall be submitted to Scblockgrants@ams.usda.gov.

State Agency grantees are subject to the responsibilities of pass-through entities at [7 CFR Part 3052.400\(d\)](#) which state that the pass-through entity shall:

- Identify Federal awards made by informing each subgrantee of the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- Advise subgrantees of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- Monitor the activities of subgrantees as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved.
- Ensure that subgrantees expending \$500,000 or more in Federal awards during the subgrantee's fiscal year have met the audit requirements of this part for that fiscal year.
- Issue a management decision on audit findings within 6 months after receipt of the subgrantee's audit report and ensure that the subgrantee takes appropriate and timely corrective action.
- Consider whether subgrantees audits necessitate adjustment of the pass-through entity's own records.
- Require each subgrantee to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with [7 CFR Part 3052, “Audit of States, Local Governments, and Non-profit Organizations.”](#)

The pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subgrantees. The contractual arrangement with the for-profit subgrantee should describe applicable compliance requirements and the for-profit subgrantee's compliance responsibility. Methods to ensure compliance for SCBGP-FB awards made to for-profit subgrantees may include pre-award audits, monitoring during the contract, and post-award audits.

21. Award Closeout

Award closeout is the process by which the SCBGP-FB determines that all required project activities have been performed satisfactorily and all necessary administrative actions have been completed. All awards and any subawards shall be closed out as soon as possible after the end date of the grant agreement. While the State Agency grantee may use its own policies and procedures in closing out awards made to its subgrantees, the following shall govern the closeout of the State department of agriculture.

The SCBGP-FB will close out a grant as soon as possible after expiration, if the grant will not be extended, or after termination, as provided in [7 CFR Part 3016.50](#). Closeout includes ensuring timely submission of all required reports and adjustments for amounts due the grantee or the Federal Agency. Closeout of a grant does not automatically cancel any requirements for property accountability, record retention, or financial accountability. Following closeout, the grantee remains obligated to return funds due as a result of later refunds, corrections, or other transactions, and the Federal government may recover amounts based on the results of an audit covering any part of the period of grant support.

Unless the SCBGP-FB grants an extension, recipients must submit the documents described in the Closeout Checklist section. Failure to submit timely and accurate final reports may affect future funding to the organization.

Closeout Checklist

Due within 90 days following the grant ending date:

- 1) Final Performance Report
- 2) Final Payment Request (SF-270), if applicable
- 3) Final SF-425, “Federal Financial Report” and, if applicable, payment of unobligated balance
- 4) Audit Report, if applicable

Final Performance Report

A Final Performance Report is due within 90 days of the end date of the grant agreement. A Final Performance Report covers the entire grant period of the award. Please note the importance of preparing well written Final Performance Reports. These reports should NOT contain personally identifiable information, proprietary information, or language that disparages the mission, goals, or actions of another organization or individual, as the reports are available to the public at www.ams.usda.gov/scbgp.

When a Final Performance Report is overdue (beyond the 90-day period following the end date of the grant agreement and not covered by an approved extension of the due date for submission of the report), the award will be placed on manual review, which restricts the recipient's ability to draw funds. If any remaining funding is needed by the recipient, the recipient must contact the SCBGP-FB and request a draw, providing the SCBGP-FB with justification and documentation to support the draw.

Final Performance Reports are accepted via email at: Scblockgrants@ams.usda.gov or via www.yousendit.com, www.dropbox.com, or similar file sharing web site.

Final Payment

Requests for payments must be made within 90 days after the end date of the grant agreement and before the final SF-425 is submitted.

Final Federal Financial Report

A **Federal Financial Report (SF-425)** is due within 90 days following the end date of the grant agreement or for any grant that is terminated. A grantee must liquidate all obligations not later than 90 days after the end date of the grant agreement to coincide with submission of the SF-425. The final SF-425 must cover the entire grant period or as much of the grant period that has been funded before termination. The final SF-425 must not have any unliquidated obligations and must indicate the exact balance of unobligated funds. Unobligated funds must be returned to the SCBGP-FB. Grantees should be aware that there is a difference between unliquidated obligations and unobligated balances. Unliquidated obligations are commitments of the grantee and are considered to be obligations and, therefore, should not be reported as unobligated balances.

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

Express mail or courier submission should be sent to:

Specialty Crop Block Grant Program
USDA, Agricultural Marketing Service
1400 Independence Avenue, SW
Room 2077 – South Building
Washington, DC 20250-0235

It is the grantee’s responsibility to reconcile reports submitted to the SCBGP-FB. Reconciliation consists of ensuring that disbursements equal obligations and drawdowns, and making any adjustments as necessary, e.g., for an overpayment.

Most information blocks on the required forms are either self-explanatory or adequately explained in the instructions. However, the following supplemental instructions associated with specific blocks on form SF-425 should be used for SCBGP applications.

- 1) The report shall be completed on a single award basis and include expenditures on all projects.
- 2) The cash management information (lines 10(a) through 10(c)) is NOT to be completed.
- 3) The recipient share (lines 10(i) thorough 10(k)) is NOT to be completed.
- 4) The financial status information (lines 10(d) through 10(h) is to be completed.
- 5) The indirect expense on line 11 is to be completed.
- 6) The recipient shall report program outlays on the same accounting basis (e.g., cash or accrual) that it uses in its normal accounting system.

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The SF-425 will be signed by the appropriate organizational representative and be submitted to the SCBGP-FB by fax or email to: Scblockgrants@ams.usda.gov.

When the submission of a revised SF-425 results in additional claims by the grantee, the SCBGP-FB will consider the approval of such claims subject to the following minimum criteria:

- The grantee must indicate why the revision is necessary and explain and implement internal controls that will preclude similar occurrences in the future.
- The charge must represent otherwise allowable costs under the provisions of the grant.
- The funds must still be available for use.

Audit Report

The State Agency grantee is required to conduct and submit an annual financial audit of the expenditures of all SCBGP-FB funds. This requirement shall be fulfilled by the Single Audit Act or a Program-Specific Audit in accordance with [7 CFR Part 3052](#), “[Audit of States, Local Governments, and Non-profit Organizations](#)”.

The Single Audit is due on an annual basis 30 days after completion of the audit. If the State department of agriculture does not submit their most recent Single Audit, a Program Specific Audit shall be conducted within 60 days after the end date of the grant agreement. The audit results are due not later than 30 days after completion of the audit. A link to the audit report or an electronic version of the audit report shall be submitted to Scblockgrants@ams.usda.gov.

22. Record Retention and Access Requirements

In accordance with Federal regulations, grantees shall retain all records relating to the grant for a period of 3 years after the final Federal Financial Report (SF-425) is received by the SCBGP-FB or until final resolution of any audit finding or litigation. See [7 CFR Part 3016.42](#) and [3019.53](#) for exceptions and qualifications to the 3-year retention requirement (e.g., if any litigation, claim, financial management review, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken). Those sections also specify the retention period for other types of grant-related records, including property records. See [7 CFR Parts 3019.48](#) and [3016.36](#) for record retention and access requirements for contracts under grants. Costs which cannot be supported by source documentation or which are incurred outside of the approved grant period may result in award funds being returned to the SCBGP-FB.

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 grantee and its contractors under this grant for examination and audit purposes and to obtain excerpts and transcripts.

23. Suspension/Termination

The Federal Agency, after reasonable notice to a State Agency, and an opportunity to be heard, finds that there has been a failure by the State Agency to comply substantially with any provision of this award, or other applicable laws or regulations the Federal Agency may disqualify, for one or more years, the State from receipt of future grants under Section 101 of the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465; 7 USC 1621 note.).

24. Limit of Federal Liability

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