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***FY 2016 Farmers Market and Local Food  
Promotion Program  
General Award Terms and Conditions***

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## 1.0 OVERVIEW OF AWARD TERMS AND CONDITIONS

These award terms and conditions apply to the Farmers Market and Local Food Promotion Program (FMLFPP) that includes two grant programs, the Farmers Market Promotion Program (FMPP) and the Local Food Promotion Program (LFPP). This document will indicate if an award term or condition is only applicable to FMPP or LFPP. Award terms and conditions are determined by statutory, regulatory, and agency requirements, as well as the administrative policies of the grant program. Terms and conditions dictate important requirements related to your grant, including payments, reporting frequency and content, and prior approval requests.

References to the terms and condition of your award are located on the AMS-33 Grant Award Face Sheet. All related documents including appendices and these terms and conditions are housed on the AMS website: <https://www.ams.usda.gov/services/grants>.

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

### 1.1 Common Terms and Acronyms

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

## 2.0 FINANCIAL MANAGEMENT

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

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

Your financial management system must provide:

- 1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. This identification must include, as applicable:
  - a. The Catalog of Federal Domestic Assistance (CFDA) title and number,

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

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

## 2.1 LFPP Cost Sharing or Matching

Cost sharing or matching refers to the portion of project costs not paid by Federal funds. Cost sharing or matching in the form of cash and/or in-kind non-Federal resources must be directly related to the project's objectives, and be properly documented. If the amount of the approved cost-sharing or matching provided by you or by a project partner or subrecipient changes, you must request prior written approval from AMS (see [10.10 Cost Share or Match-Changes in the Amount](#)).

For LFPP, you are required to provide an amount equal to 25 percent match of the total cost of the project in the form of cash and/or in-kind non-Federal resources. For FMPP, there is not cost-sharing or match requirement.

## 2.2 LFPP Required Cost Share or Match Documentation

You must ensure that cost-sharing or matching documentation complies with the applicable Federal administrative provisions found in [2 CFR §200.306](#). You must maintain documentation identifying:

- 1) The specific costs or contributions that constitute the cost sharing or matching,
- 2) The funding source or contribution, and
- 3) How the appropriate amount of the contribution was determined for reporting purposes.

You should refer to [2 CFR §200.306](#) for guidance on how to allocate the cost sharing or matching; however, if you need further guidance, consult AMS staff about properly documenting the contribution.

Documentation does not need to be provided to AMS, but it must be retained in your project file and made available upon request. Cost sharing or matching must be reported on the Federal Financial Report ([SF-425](#)) and the Request for Advance or Reimbursement ([SF-270](#)).

## 2.3 LFPP Cost Share or Match Sources and Restrictions

You may use funds or other resources contributed by community organizations, as well as trade associations and other project participants to satisfy the cost sharing or matching requirement upon providing the appropriate documentation.

A recipient may also use unrecovered indirect costs as part of cost sharing or matching. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount that could have been charged to the Federal award under the potential recipient's approved negotiated indirect cost rate.

You cannot use Federal funds or program income to meet cost sharing or matching requirements.

## 3.0 SUBRECIPIENT MONITORING & MANAGEMENT

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

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

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

### 3.1 Accountability to the Federal Award

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

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

## 4.0 PAYMENTS

### 4.1 Types of Payments

#### 4.1.1 Advances

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

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

#### 4.1.2 Reimbursements

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

### 4.2 How to Request Payments

Email a scanned copy of the [SF-270](#), a Request for Advance or Reimbursement to the appropriate AMS grant program representative as indicated in your award letter. Your authorized organizational representative must sign the SF-270. Instructions for completing the SF-270 and sample SF-270 Requests for Advance/Reimbursement can be found on the FMPP and LFPP websites at <https://www.ams.usda.gov/services/grants>. Click on the applicable grant program website (FMPP or LFPP), then click on "How to Administer the Award" in the left menu bar.

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

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

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

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

#### **4.2.1 Payment Source Documentation and Other Requirements**

In addition to the [SF-270](#), you must submit an *AMS Grant Program Worksheet*. The worksheet must be submitted at the same time as the SF-270. You can find an example of the Worksheet at [SF-270 Worksheet](#).

At any point during the grant period, AMS will determine, based on a combination of factors (initial financial capability statement, review of the SF-270 worksheet, timely submission of first and subsequent performance reports, and accuracy of SF-270 requests) whether the recipient will be required to submit original source documentation. You will be notified by AMS prior to implementing this decision. In any event, recipients must continue to collect and maintain their source documentation so it may be made available upon request by AMS at any time during the grant period. This documentation is vital to proper management of the grant, and is one element of the grant file that, in accordance with federal regulations, must be retained for 3 years after the grant is complete.

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

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

##### **Overall Agreement Information**

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

##### **Individual Expense Information**

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

You will find more specific requirements for requests for advances and reimbursements below.

#### **4.2.2 Requests for Advance Payment**

To request an advance payment, submit an [SF-270](#) and an [AMS Grant Programs Worksheet](#). Requests for advance payment must meet the requirements outlined in [4.1.1 Advances](#). You must retain the source documentation associated with your request for advance as soon as the product(s) has/have been delivered or services completed.

### 4.2.3 Requests for Reimbursement

If you submit a request for reimbursement, you must submit an [SF-270](#) and an [AMS Grant Programs Worksheet](#) to accompany the *SF-270 Request for Advance/Reimbursement* worksheet.

For PERSONNEL payment requests, retain documentation that meets the requirements provided in [2 CFR §200.403\(i\)](#) STANDARDS OF DOCUMENTATION OF PERSONNEL EXPENSES.

For TRAVEL reimbursements, retain documentation that shows the location and dates of travel. Additional documentation should be retained, if applicable, for the number miles traveled (if requesting vehicle mileage reimbursement) and flight and hotel receipts. All travel expenses must follow the requirements listed under [2 CFR §200.474](#) Travel Costs.

For PROCUREMENT reimbursements, such as rental/lease agreements and/or contractual costs, retain copies of lease agreements and contractual documents. Least-to-own agreements must terminate at the end of the grant agreement. See 2 CFR §200 [Procurement Standards](#) for more information.

### 4.3 Payments to Subrecipients

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

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

### 4.4 Timely Drawdown and Use of Grant Funds

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

## 5.0 FINANCIAL REPORTING

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

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

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

## 6.0 INTEREST EARNED ON ADVANCES OF GRANT FUNDS

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

### ACH Returns Example:

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

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

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

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

Mail Check to Treasury approved lockbox:

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

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

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

## 7.0 PROGRAM INCOME

Program income is gross income earned during the grant period by you or your subrecipients resulting from activities supported by a federal award. Program income includes, but is not limited to, income from fees for services performed; the sale of commodities or items fabricated under an award (this includes items sold at cost if the cost of producing the item was funded in whole or partially with grant funds); registration fees for conferences, workshops, etc. Royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works is not subject to this section.

Any program income generated during the grant period must be used to further the objectives of the grant project.

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

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

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

## 8.0 PROCUREMENTS

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

- **State recipients** must follow the same policies and procedures the State uses for procurements from non-Federal funds. The State will comply with [2 CFR §200.322](#) PROCUREMENT OF RECOVERED MATERIALS and ensure that every purchase order or other contract includes any applicable provisions described in [Appendix II of 2 CFR §200](#).

- *All other non-Federal recipients and subrecipients*, including subrecipients of a state must follow [2 CFR §200.318](#) GENERAL PROCUREMENT STANDARDS through [§200.326](#) CONTRACT PROVISIONS.
- The requirements of the Federal award also apply to any subcontract. You are responsible to ensure that all of your contracts made under this AMS-Federal award contain the applicable provisions described in [Appendix II of 2 CFR §200](#).

## 9.0 ALLOWABLE COSTS AND ACTIVITIES

### 9.1 Indirect Costs

Indirect costs may not exceed 10 percent of the direct costs. To calculate the allowed 10 percent, use the formula applicable only to the Federal amount of the grant, not the total amount (Federal share plus matching fund):

$$\text{Projected Direct Costs (\$)} * \text{Maximum Indirect Cost Rate Allowed (\%)} = \text{Highest Possible Indirect Costs (\$)}$$

$$\text{Projected Direct Costs (\$)} + \text{Maximum Indirect Costs (\$)} = \text{Requested Federal Funds (\$)}$$

#### Project Example

$$\$90,909 * 10\% = \$9,091$$

$$\$90,909 + \$9,091 = \$100,000$$

Using this formula and based on this example, a recipient who has \$90,909 in direct costs could have up to \$9,091 in indirect costs, and a total of \$100,000 as “Requested Federal Funds.”

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

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

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

If an applicant has a negotiated indirect cost rate greater than 10 percent of total direct costs, the applicant must submit a copy of their approved *Indirect Cost Rate Proposal* to substantiate its request for the establishment of an indirect cost rate above 10 percent as described in appendices below.

If an applicant chooses to negotiate for a rate, the applicant must contact the cognizant agency for indirect costs. The cognizant agency is determined by calculating which Federal agency provides the most grant funding. For assignments of cognizant agencies see the following:

- (a) For IHEs: [Appendix III to Part 200](#)—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph C.11.
- (b) For nonprofit organizations: [Appendix IV to Part 200](#)—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations, paragraph C.12.
- (c) For state and local governments: [Appendix V to Part 200](#)—State/Local Government-wide Central Service Cost Allocation Plans, paragraph F.1.
- (d) For Indian tribes: [Appendix VII to Part 200](#)—States and Local Government and Indian Tribe Indirect Cost Proposal, paragraph D.1.

For LFPP, the maximum allowed indirect costs (10 percent) may be claimed under the Federal portion of the award budget or, alternatively, the maximum allowed indirect costs may be offered as a matching contribution (if no indirect costs are requested

on the Federal portion of the budget). A recipient may split the allocation between the Federal and non-Federal portions of the budget only if the total percentage of indirect costs under the project does not exceed the maximum allowed indirect costs of ten percent. Alternatively, the recipient may request any other, similar percentage combination that, when combined, does not exceed the maximum indirect cost rate of ten percent. Refer to [2 CFR §200.413](#) and [414](#) for additional information on determining if costs charged to the award are direct or indirect.

## 9.2 Allowable and Unallowable Costs and Activities

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

Item	Description
<b>Buildings and Land - Construction</b>	<p><i>Unallowable</i> for the acquisition of buildings, facilities, or land or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations of an existing building or facility (including site grading and improvement, and architecture fees). This also includes construction and construction-related materials, which may include, but are not limited to the purchase of building materials such as wood, nails, concrete, asphalt, roofing, gravel, sand, paint, insulation, drywall, or plumbing</p> <p><i>Allowable</i> for rental costs of land with prior approval (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a>). However, lease agreements to own (i.e., lease-to-own or rent-to-own) are not allowable. The lease or rental agreement must terminate at the end of the grant cycle.</p> <p>A <i>building</i> is any permanent structure designed or intended for support, enclosure, shelter or protection of people, animals or property having a permanent roof supported by columns or walls.</p> <p>Greenhouses and hoop houses are <i>unallowable</i>.</p>
<b>Conferences</b>	<p><i>Unallowable</i> if the project solely consists of conference/workshop costs as defined in <a href="#">2 CFR 200.432</a>. A conference must be part of a larger project.</p> <p><i>Allowable</i> to rent a building or room for training, however, where appropriate, AMS encourages the use of technologies such as webinars, teleconferencing, or videoconferencing as an alternative to renting a building or a room. If renting a building or a room is necessary, the most cost-effective facilities such as State government conference rooms should be utilized.</p> <p><i>Unallowable</i> for meal costs (breakfast, lunch and dinner) unless the applicant justifies that to do so would otherwise impose arduous conditions on the continuity of a meeting and its participants. Breakfasts for conference attendees are usually considered unallowable as it is expected that individuals will have sufficient time to dine on their own before the conference begins.</p> <p><i>Allowable</i> for meals consumed while in official travel status. They are considered per diem expenses and should be reimbursed in accordance with the recipient organization’s established written travel policies.</p>
<b>Contingency Provisions</b>	<p><i>Unallowable</i> for miscellaneous and similar rainy-day funds for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening. <i>Unallowable</i> for working capital for activities/items not already in place.</p>
<b>Contributions or</b>	<p><i>Unallowable</i> for contributions or donations, including cash, property, and services,</p>

Item	Description
<b>Donations</b>	<p>made by the recipient to other entities,</p> <p><i>Unallowable</i> to purchase food or services to donate to other entities and/or individuals.</p>
<b>Electronic Benefit Transfer (EBT) Machines</b>	<p><i>Unallowable</i> for the purchase/lease of Supplemental Nutrition Assistance Program (SNAP) EBT equipment.</p> <p>The USDA Food and Nutrition Service (FNS) has existing funding to expand the availability of SNAP EBT equipment and services at farmers markets to the Farmers Market Coalition (FMC) and State SNAP agencies. Please review the below options to determine which is most appropriate for your purpose.</p> <ul style="list-style-type: none"> <li>• FMC provides SNAP-authorized farmers markets and direct marketing farmers. You can find more information at <a href="http://farmersmarketcoalition.org/programs/freesnapebt/">http://farmersmarketcoalition.org/programs/freesnapebt/</a>.</li> <li>• State SNAP agencies offer free SNAP EBT equipment to newly authorized farmers markets and direct marketing farmers. Contact your <a href="#">State's SNAP agency or farmers market association</a> to learn more.</li> </ul>
<b>Entertainment Costs</b>	<p><i>Allowable</i> with prior approval for costs related to the project (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a>). Entertainment costs as defined in <a href="#">2 CFR 200.438</a> must not represent all or a majority of the project costs.</p> <p><i>Unallowable</i> entertainment costs include amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sporting events and gratuities), regardless of their apparent relationship to project objectives.</p>
<b>Equipment</b>	<p><i>Unallowable</i> for acquisition costs of general purpose equipment.</p> <p><i>Allowable</i> for rental costs of general purpose equipment. Vehicles may be leased, but not purchased. The lease or rental agreement must terminate at the end of the grant cycle.</p> <p><i>Unallowable</i> for equipment lease agreements to own (i.e., lease-to-own or rent-to-own).</p> <p><i>Unallowable</i> for the purchase of trucks that are commercially available for rent. An example of an unallowable truck purchase includes a refrigerated truck that can be rented as-is (without making modifications or retrofitting). This truck is considered general purpose equipment and can be rented, but <u>not</u> purchased.</p> <p>For vehicle and equipment leases or rentals with an acquisition cost that equals or exceeds \$5,000, rates should be in light of such factors as rental costs of comparable vehicles and equipment, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the vehicle or equipment leased.</p> <p><i>Allowable</i> for acquisition costs and rental costs of special purpose equipment provided the following criterion is met:</p> <ol style="list-style-type: none"> <li>1) Necessary for the research, scientific, or other technical activities of the grant award;</li> <li>2) Not otherwise reasonably available and accessible;</li> <li>3) The type of equipment is normally charged as a direct cost by the organization;</li> </ol>

Item	Description
	<p>4) Acquired in accordance with organizational practices;</p> <p>5) Must only be used to solely meet the legislative purpose of the grant program and objectives of the grant award;</p> <p>6) More than one single commercial organization, commercial product, or individual must benefit from the use of the equipment;</p> <p>7) Must not use special purpose equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services; and</p> <p>8) Equipment is subject to the full range of acquisition, use, management, and disposition requirements under <a href="#">2 CFR part 200.313</a> as applicable.</p> <p><i>Equipment</i> is defined as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal recipient for financial statement purposes, or \$5,000.</p> <p><i>Acquisition cost</i> means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.</p> <p><i>General Purpose Equipment</i> means equipment that is not limited to technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.</p> <p><i>Special Purpose Equipment</i> is equipment used only for research or technical activities.</p> <p>LFPP examples include specialized equipment for mobile markets; cooler storage units, mobile slaughter unit components, and other equipment that requires modification <u>that is not already available and readily usable in its current form</u>.</p> <p>FMPP examples include mobile markets; walk-in coolers, trailer to be retrofitted into a mobile market or food truck, and other equipment that requires modification <u>that is not already available and readily usable in its current form</u>.</p>
<b>Farm, Gardening, and Production Activities and Supplies</b>	<i>Unallowable</i> for farm, gardening, and production activities, materials, supplies, and other related costs. Example items may include soil, seeds, shovels, and gardening tools. Additionally, greenhouses and hoop-houses are unallowable.
<b>Fines, Penalties, Damages and Other Settlements</b>	<i>Unallowable</i> for costs resulting from violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations.
<b>Fundraising and Investment Management Costs</b>	<i>Unallowable</i> for organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used. This includes salaries of personnel involved in activities to raise capital.
<b>Goods or Services for Personal Use</b>	<i>Unallowable</i> for costs of goods or services for personal use of employees regardless of whether the cost is reported as taxable income to the employees.

Item	Description
<b>Indirect Costs – Unrecovered (Applicable to only LFPP)</b>	<i>Allowable</i> to use unrecovered indirect costs as part of cost sharing or matching for LFPP. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount that could have been charged to the Federal award under the recipient’s approved negotiated indirect cost rate.
<b>Insurance and Indemnification</b>	<i>Allowable</i> as indirect costs for insurance and indemnification.
<b>Memberships, Subscriptions, and Professional Activity Costs</b>	<i>Unallowable</i> for costs of membership in any civic or community organization.  <i>Allowable</i> for costs of membership in business, technical, and professional organizations.
<b>Organization Costs</b>	<i>Allowable</i> with prior approval for organization costs per <a href="#">2 CFR 200.455</a> (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a> ).  <i>Unallowable</i> for costs of investment counsel and staff and similar expenses incurred to enhance income from investments.
<b>Participant Support Costs</b>	<i>Allowable</i> with prior approval, for support costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid on behalf of lead conferences or training session organizers (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a> ).
<b>Pre-Award Costs</b>	<i>Allowable</i> , if such costs are necessary for efficient and timely performance of the scope of the project work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award. A recipient may incur pre-award costs 90 calendar days before award without prior approval. Expenses more than 90 calendar days pre-award require prior approval (see <a href="#">10.6 Pre-Award Costs</a> ).  All costs incurred before award are at the recipient’s risk. The incurrence of pre-award costs in anticipation of an award imposes no obligation on FMLFPP to award funds for such costs.
<b>Rearrangement and Reconversion Costs</b>	<i>Allowable</i> as indirect costs incurred for ordinary and normal rearrangement and alteration of facilities as defined at <a href="#">2 CFR 200.462</a> . <i>Allowable</i> as direct costs with prior approval for special arrangements and alterations costs incurred specifically for the award (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a> ).
<b>LFPP Selling and Marketing Costs</b>	For LFPP, <i>allowable with conditions</i> (see specific costs below) for marketing activities directly related to the funded project. Includes general marketing of a service, but not specifically marketing/advertising a product to consumers (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a> ).
<b>FMPP Selling and Marketing Costs</b>	For FMPP, <i>allowable with conditions</i> (see specific costs below) for marketing activities directly related to the funded project (see <a href="#">10.8 Specific Allowable Costs Prior Approvals</a> ).  <ul style="list-style-type: none"> <li>• Advertising media costs to promote a producer-to-consumer direct marketing effort. Advertising media is newspaper; radio; television; direct mail; bus, signs, or other advertisement wraps; and other electronic and computer transmittals.</li> <li>• Promotional items such as point-of-sale materials, promotional kits, billboard</li> </ul>

Item	Description
	<p>space, signs or streamers, automobile stickers, table tents, and place mats, or promotional items of a personal nature.</p> <ul style="list-style-type: none"> <li>Public relations activities utilizing advertising media to promote a direct producer-to-consumer marketing to the public or a specific and FMPP approved audience.</li> </ul>
<b>Selling and Marketing Costs – Coupons, Incentives or Other Price Discounts</b>	<i>Unallowable</i> for costs of coupon/incentive redemptions or price discounts. Costs associated with printing, distribution, or promotion of coupons/tokens or price discounts (i.e., a print advertisement that contains a clip-out coupon) are allowable only if they solely promote the locally and regionally produced agricultural products rather than promote or benefit a program or single organization.
<b>LFPP Selling and Marketing Costs – Food for Displays, Tastings, Cooking Demonstrations</b>	For LFPP, <i>unallowable</i> for the purchase of food for cooking demonstrations.
<b>FMPP Selling and Marketing Costs – Food for Displays, Tastings, Cooking Demonstrations</b>	For FMPP, <i>allowable</i> for food for displays, tastings, and cooking demonstrations with prior approval if the project’s expected outcome indicator is an increase in sales. The applicant must include quantitative metrics quantifying the increase in sales in their project narrative and report on the change in sales in interim performance reports and the final performance report.
<b>Selling and Marketing Costs – General Marketing Costs</b>	<p><i>Unallowable</i> for general marketing of the health value of food products. (e.g. “Vegetables keep you healthy!”)</p> <p><i>Unallowable</i> for costs designed solely to promote the image of an organization, general logo, or general brand rather than locally and regionally produced agricultural products.</p>
<b>Selling and Marketing Costs – Sponsorships</b>	<p>Unallowable for costs associated with sponsorships. A sponsorship is a form of advertising in which an organization uses grant funds to have its name and/or logo associated with certain events and where the organization does not necessarily know how the funds associated with sponsorship costs will be used. These costs also only benefit the organization offering funding. This limits the beneficiaries to the sponsor organization.</p>
<b>Travel Costs</b>	<p><i>Allowable</i> for domestic travel costs when travel costs are limited to those allowed by formal organizational policy; in the case of air travel, the lowest reasonable commercial airfares must be used.</p> <p>Recipients that do not have formal travel policies and for-profit recipients’ allowable travel costs may not exceed those established by the Federal Travel Regulation, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at <a href="http://www.gsa.gov">http://www.gsa.gov</a>. If a recipient organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p> <p>Recipients are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance.</p> <p>Consideration should be given to the use of alternative technologies such as teleconferencing or videoconferencing if they are available, appropriate for the project, and less costly.</p>

Item	Description
	<p><i>Unallowable</i> for travel costs of government officials per <a href="#">2 CFR 200.444</a>.</p> <p><i>Unallowable</i> for international travel.</p>

## 10.0 CHANGES REQUIRING PRIOR WRITTEN APPROVAL

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

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

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

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

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

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

### 10.1 Change in Key Personnel

You must request prior written approval if there is a change in key personnel (such as the recipient project coordinator listed in box 14, of the AMS-33, Grant Agreement Face Sheet, the authorized recipient representative listed in box 18 and 19 of the AMS-33, Grant Agreement Face Sheet, and other key project contributors). The request must contain:

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

### 10.2 Change in Key Personnel – Time Devoted to the Project

You must request prior written approval if key personnel (such as the recipient project coordinator listed in box 14, of the AMS-33, Grant Agreement Face Sheet, the authorized recipient representative listed in box 18 and 19 of the AMS-33, Grant Agreement Face Sheet, and other key project contributors) disengages from the project for a period of more than 3 months; reduces the time devoted to managing the project by 25 percent (25%) or more; or severs his/her connection to the activities of the grant agreement. The request must include:

1. The name of the individual being replaced and the new individual name and contact information;
2. The qualifications of the new individual;

3. The capacity in which the new individual will serve;
4. Written notification from the new individual signifying his/her willingness to serve on the project; and
5. If applicable, any change in the project narrative, budget and/or timeline due to the change; and
6. The effective dates.

### 10.3 Change in Scope or Objectives

You must request prior written approval when it is necessary to modify section 15, Alignment and Intent and/or section 16b, Outcome Indicators, and/or section 18, Expertise and Partners of the approved Project Narrative, even if there is no associated budget revision that would require prior written approval. You must use the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#) for presenting this information that was used in the approved application with changes highlighted. The request must include:

1. A description of the change in the scope or objective including what activities the new work replaces;
2. A revised narrative for the relevant portion of the approved project;
3. If applicable, a description of any changes to the expected measureable outcomes;
4. If applicable, a revised budget and narrative using the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#);
5. If applicable, any change to the approved timeline;
6. A change in matching fund source (applicable only to LFPP); and
7. The proposed dates of implementation (MM/YYYY – MM/YYYY).

### 10.4 One-Time Extension

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

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

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

### 10.5 Budget Change

You must request prior approval for a budget change if the Federal share of your award exceeds the Simplified Acquisition Threshold, currently \$150,000 (see box 16 on the AMS-33 Grant Agreement Face Sheet for your Federal award amount) and the cumulative amount of a transfer among budgeted direct cost categories exceeds or is expected to exceed 10 percent of the total budget as last approved by AMS. If the Federal share of your award is \$150,000 or less, you do not need to request prior approval for budget changes. You must use the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#) for presenting the budget information with changes noted. The request for a budget change must include:

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

You must use the same format/form for presenting the budget information that was used in the approved application.

## 10.6 Pre-Award Costs

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

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

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

1. A brief description of the pre-award activities completed; and
2. An updated budget, using the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#), clearly indicating the associated dollar amount of award funds and/or the value of any LFPP matching resources expended during the pre-award period.

Note that AMS is under no obligation to reimburse such costs if the award is less than anticipated and inadequate to cover such costs. If an recipient has incurred expenses or expended LFPP matching contributions during the pre-award period that are not covered in the approved budget, AMS does not have any obligation to reimburse recipients for such expenses or count the LFPP matching resources toward the match requirement.

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

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

1. A brief description of the change;
2. A brief explanation as to why the change is being requested;
3. If a budget change is required:
  - a. A description of the proposed budget change,
  - b. The last approved budget, and
  - c. An updated budget of the affected cost categories using the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#); and
4. If the third party was not identified in the original application, a description of the third party's qualifications, how their work will fulfill the project goals, and an itemized budget showing cost categories with appropriate justification.

## 10.8 Specific Allowable Costs Prior Approvals

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

- Entertainment
- Rental of Land
- Special Purpose Equipment
- Organization Costs
- Rearrangement and Reconversion Costs
- Selling and Marketing Costs
- Participant Support Costs

The request must include the following:

1. A description of and justification for the cost including how it furthers the objectives of the project; and
2. If applicable, a comparison between the most recent budget and the proposed budget as well as an updated [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#) showing the affected cost categories.

## 10.9 Changes to Recipient Name or Address

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

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

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

## 10.10 LFPP Cost Share or Match - Changes in the Amount

For LFPP, you must request prior written approval to change the amount of your approved cost-share or match or to change the amount of approved cost-sharing or match provided by a project partner or by a subrecipient. The following information must be included in the request:

1. A justification for the change;
2. Cash Commitment per year (if applicable) and Total Cash Match
3. In-kind Contribution per year (if applicable) and Total In-kind Match. Break down items into categories as applicable:
  - a. Salaries (employee name, title, duties, pay rate/hr, amount matched per year)
  - b. Items/Activities (fair market value per unit, how value determined (provide documentation), and amount matched per year)
4. Explain how each type of match will correspond to the budget, or be used by the Applicant.
5. A description of the change that includes a comparison between the latest budget and the proposed budget as well as an updated budget of the affected cost categories to demonstrate that the overall required match will be met using the [FMLFPP Narrative Form](#) and [SF-424 A – Budget Information – Non-Construction Programs](#).
6. You may use the [SUGGESTED MATCH VERIFICATION TEMPLATE LETTER](#) as a starting point for developing your change request. Please add any additional information requested above to the letter.

## 11.0 PERFORMANCE AND FINANCIAL REPORTS

AMS requires both interim and final performance reports to illustrate the progress made toward the completion of projects, goals, objectives, and outcomes. These reports are an important vehicle for sharing award findings and success with the public.

Performance Reports should correspond with the activities and outcomes outlined in the proposal and should be formatted and submitted using the approved templates or guidance provided by the grant program.

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

If due to extenuating circumstances, a project must be extended beyond the performance period stated on the AMS-33, recipients should see section [10.4 One-Time Extension](#). Additional performance and financial reports may be necessary depending on the length of the time extension.

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

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

## 11.1 Interim Performance and Financial Reports

Interim performance and financial reports track the progress of an award throughout the performance period. Interim SF-425 Federal Financial Reports and interim performance reports are due 90 calendar days after each annual performance reporting period.

For **LFPP Planning projects**, the interim performance and financial report due date schedule is:

Interim Report	Period of Performance	Report Due Date
1 <sup>st</sup> Interim	9/30/2016 to 9/29/2017	12/30/2017

For **all FMPP projects** and **LFPP Implementation projects**, the interim performance and financial report due date schedule is:

Interim Report	Period of Performance	Report Due Date
1 <sup>st</sup> Interim	9/30/2016 to 9/29/2017	12/30/2017
2 <sup>nd</sup> Interim	9/30/2017 to 9/29/2018	12/30/2018

The required interim report form and the SF-425 Federal Financial Report, along with instructions and a sample financial report, can be found on the applicable grant program's website. Go to <https://www.ams.usda.gov/services/grants>, click on the applicable grant program website (FMPP or LFPP), then click on "How to Administer the Award" in the left menu bar.

The interim performance and financial report should be sent via email to the appropriate AMS grant program representative as indicated in your award letter. Accepted interim performance and financial reports will become part of the official grant file.

If you complete your grant project early, you may submit a Final Performance Report in lieu of an Interim Performance Report. See [11.2 Final Performance and Financial Reports](#).

## 11.2 Final Performance and Financial Reports

A final performance report and a final [SF-425 Federal Financial Report](#) is required no later than 90 calendar days after the performance period expiration date unless AMS approves a no-cost extension.

For **LFPP Planning projects**, the final performance and financial report is due by **March 30, 2018**.

For **all FMPP projects** and **LFPP Implementation projects**, the final performance and financial report is due by **December 30, 2019**.

Information from your Final Performance Report will be posted on the AMS website and become part of the official grant file.

The required final report form, and the SF-425 Federal Financial Report, along with instructions and a sample financial report, can be found on the applicable grant program's website. Go to <https://www.ams.usda.gov/services/grants>, click on the applicable grant program website (FMPP or LFPP), then click on "How to Administer the Award" in the left menu bar.

The final performance and financial report should be emailed to the appropriate AMS grant representative as indicated in your award letter.

## 11.3 Review of Performance and Financial Reports

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

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

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

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

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

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

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

Reports submitted to AMS must avoid use of Protected PII, including use of an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts, etc. Personal contact information included in the final performance report should be limited to the recipient project coordinator name, e-mail address, as well as organization name, physical address, and telephone number.

## 11.6 Overdue Reports

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

## 12.0 ACKNOWLEDGEMENT OF SUPPORT

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

### **FOR LFPP**

Funding for this [project] was made possible by the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service through grant [Insert Agreement Number] in addition to matching funds from [Name Any Matching Fund Organizations]. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

### **FOR FMPP**

Funding for this [project] was supported by the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service through grant [Insert Agreement Number]. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

Note that USDA symbols or logos are only intended for [the official use of the USDA](#). They are expressly excluded from use to imply endorsement of a commercial product or service. The symbol or logo may not be used by anyone outside of USDA without permission.

## 13.0 PROPERTY MANAGEMENT

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

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

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

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

You and your subrecipients must obtain prior written approval from AMS to acquire special purpose equipment (see [10.8 Specific Allowable Cost Prior Approvals](#).)

### 13.1 Final Disposition of Equipment and Supplies upon Close-out

If the special purpose equipment has a per-unit fair market value of less than \$5,000, and the equipment is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, you or your subrecipient may retain, sell, or dispose of equipment with no further obligation to AMS.

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

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

$$\begin{aligned} & \text{AMS Amount} = \text{Current Market value or proceeds from sale of the equipment/supplies} \\ & \times \text{Percentage of AMS participation in the cost of the original purchase} \end{aligned}$$

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

## 14.0 ADMINISTRATIVE AND NATIONAL POLICY REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 15.0 CLOSEOUT

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

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

## 15.1 Closeout Checklist

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

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

### Requirements for Reapplication

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

## 15.2 Unused and Returned Funds

Before submitting an SF-425 for a grant that has been completed or terminated, you must liquidate all obligations not later than 90 calendar days after the performance period end date of the grant agreement. If you have a balance of funds that AMS disbursed to you previously that you did not obligate by the performance end date of the grant agreement, you must return these funds to AMS. AMS's request to return an unobligated balance following expiration or termination of a grant is not considered an adverse action and is not subject to appeal.

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

Send payments by Express mail or courier submission to:

Farmers Market and Local Foods Promotion Program  
Attn: FMLFPP Program Manager  
USDA, Agricultural Marketing Service  
1400 Independence Avenue, SW  
Room 4543– South Building  
Stop 0264  
Washington, DC 20250-0264

AMS will notify you when we receive the check.

## 15.3 Record Retention

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

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

## 16.0 ACCESS TO RECORDS

FMLFPP

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

## 17.0 REMEDIES FOR NONCOMPLIANCE

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

### *Disallow Costs*

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

### *Withdrawal of Authorized Personnel Approval*

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

### *Withholding of Payments*

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

### *Withholding of Support*

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

### *Suspension or Termination*

AMS generally will suspend (rather than immediately terminate) a grant and allow the recipient an opportunity to take appropriate corrective action before terminating a project. AMS may terminate the grant if the recipient does not take appropriate corrective action during the period of suspension. AMS may terminate the grant —without first suspending— if the deficiency is so serious as to warrant immediate termination or if public health or welfare concerns require immediate action. AMS will provide the recipient a notice of termination that will include the reason(s) for the termination and if the decision will be considered in evaluating future applications. You may appeal the termination for cause decision as described in section [18.0 Appeals](#) of this document.

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

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

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

## 17.1 Special Conditions for High-Risk Recipients

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

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

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

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

## 18.0 APPEALS

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

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

## 19.0 LIMIT OF FEDERAL LIABILITY

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

## 20.0 FRAUD, WASTE, AND ABUSE

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

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

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

**Fax:** 202-690-2474

**E-mail:** [usda.hotline@oig.usda.gov](mailto:usda.hotline@oig.usda.gov)

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

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

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