

# Specialty Crop Block Grant Program



SPRING 2011 EDUCATIONAL BULLETIN

Phone: 202-690-4942  
Fax: 202-720-0016  
E-mail: [Trista.Etzig@usda.gov](mailto:Trista.Etzig@usda.gov)

## Why Do I Need a Subaward Agreement?

A subaward agreement is the legal document that binds the subrecipient and the pass-through entity (State Agency) to the conditions of the award with the Specialty Crop Block Grant Program – Farm Bill (SCBGP-FB). It establishes the basics of what is to be done, how it is to be done and by whom, when it will occur, how much it is estimated to cost, and under what general and special terms and conditions. The agreement serves as a checklist in which the subrecipient will be monitored and also establishes the rights and responsibilities of each party.



When a State Agency subawards to an entity outside of their organization, it must have a legally binding agreement in place between the State Agency and the subawardee, either in the form of a subgrant or a subcontract.

The State Agency is responsible for the actions of the subawardee and is accountable for the subawardee's performance, expenditures, and activities. If there is a problem with a subawardee, it is the responsibility of the State Agency to take corrective actions.

## What is the Basic Information in a Subaward Agreement?

Some of the most basic information that a subaward agreement must include are the Catalog of Federal Domestic Assistance ([CDFA](#)) [program title and number](#) (Specialty Crop Block Grant Program – Farm Bill and 10.170); the [award name and number](#), [award year](#), [whether or not the subaward is for research and development](#), and the [name of the Federal awarding agency](#) (Agricultural Marketing Service).

A subaward agreement should also include an [identification of the individual\(s\) responsible](#) for the programmatic activity at the subawardee organization. This section of the agreement should include a reference to their organizational roles and responsibilities in addition to the identifying information. The subgrant agreement also incorporates the [dollar amount of the subaward](#) in addition to the [period of performance](#) of the subaward. We encourage the State Agency to set the period of performance for their subawardees at less than the amount of time allotted for the State Agency's grant agreement with the SCBGP-FB. This allows time for the State Agency to reallocate unobligated subgrantee funds before the end of the State Agency's grant period.

### Special points of interest:

- DEVELOPMENT OF SUBAWARD AGREEMENTS.
- DISCUSSION OF WHAT SHOULD BE INCLUDED IN A SUBAWARD AGREEMENT.
- PERFORMANCE REPORT WRITING TIPS.
- PRIOR APPROVAL REQUEST WRITING TIPS.

### Inside this issue:

REQUIRED FEDERAL PROVISIONS	2
MONITORING & PROGRAMMATIC REQUIREMENTS	2
PAYMENTS	3
PROPERTY & PROGRAM INCOME	4
OTHER PROVISIONS	4
ADDITIONAL INFORMATION	5
REPORT WRITING TIPS	5
PRIOR APPROVAL WRITING TIPS	6

*Continued on the next page*

# Specialty Crop Block Grant Program

---

## Subgrant Agreement Basic Information *(cont. from page 1)*

Generally, State's maintain basic language that must be used in each subaward. The SCBGP-FB State Program Coordinator should contact the appropriate office charged with developing and maintaining this information to ensure that the most up-to-date language is included in the subaward agreement.

## What Federal Provisions Does a Subaward Need?

State Agencies are required by the SCBGP-FB Award Terms and Conditions to include specific references and legal authorities. Specifically, State Agencies must include a reference to the authorizing language of the SCBGP-FB (Specialty Crop Competitiveness Act of 2004 (7 U.S.C 1621 note) of Public Law 108-465) in addition to the SCBGP-FB's Final Rule (7 CFR Part 1291) and the USDA's Uniform Federal Assistance Regulations (7 CFR Part 3015).

In addition, the State Agency must reference and apply the applicable federal grant Uniform Administrative Requirements for Grants and Cooperative Agreements to the management of each subaward, which include 7 CFR Part 3016 (State and Local Governments) and 7 CFR Part 3019 (Higher Education, Hospitals, Non-profit Organizations, and For-Profit Organizations). The subaward agreement must also reference the appropriate Federal Cost Principles that establish general standards for the allowability and treatment of costs, which include: 2 CFR Part 225 (State, Local, and Indian Tribal Governments); 2 CFR Part 220 (Educational Institutions); and 2 CFR Part 230 (Nonprofit Organizations); and 48 CFR Part 31.2 (Commercial Organizations).

A provision for compliance with 7 CFR Part 3016.42 Retention and Access Requirements for Records must also be placed in every cost reimbursement subaward agreement. Furthermore, a reference to compliance with the government-wide audit requirements (7 CFR Part 3052) must be included in the subaward agreement.

Finally, a term or condition regarding compliance with debarment and suspension requirements in 2 CFR Part 180 Subpart C must be included in the subaward agreement.

## How Should Monitoring & Programmatic Requirements be Incorporated in the Subaward Agreement?

The State Agency must establish the procedures that the State Agency will use to direct and monitor programmatic efforts within its subaward agreement. A reference to approved project proposal activities and budget must be included in the subaward agreement. This may include reference to an approved project proposal or specific references to the approved project proposal's Work Plan and Budget Narrative. The State Agency must also establish the timing and content for required subawardee reporting requirements in its subaward agreement. This requirement should specify the performance, financial, and other reports to be submitted, the information required in the reports, how often they should be submitted, and due dates. These timing and content requirements should take into account the SCBGP-FB's reporting requirements, which include:

*Continued on the next page*



THE STATE AGENCY MUST ESTABLISH THE PROCEDURES THAT THE STATE AGENCY WILL USE TO DIRECT AND MONITOR PROGRAMMATIC EFFORTS WITHIN ITS SUBAWARD AGREEMENT.



## Monitoring & Programmatic *(cont. from page 2)*

- Annual performance reports within 90 days after the end of the first year of 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.
- A final performance report is required within 90 days following the end date of the grant agreement.

The SCBGP-FB encourages the State Agency to require performance reports from their subgrantees prior to USDA's report deadline to ensure all required information is submitted and if needed, require revisions from their subgrantees before submitting the performance report to the SCBGP-FB for review.

Also, consider the format for submitting the reports. For example, if quick format changes need to be made to a report or to easily combine all project proposals in one document, it might be beneficial to have subgrantees submit their reports in Microsoft Word.

Furthermore, the State Agency must include the requirements for project changes that require prior approval, which include cumulative transfers among direct cost categories or separately budgeted projects or activities that exceed or are expected to exceed 20 percent of the project's total approved budget and any revision of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval).

Program requirements are more specific conditions in the State Agency's subaward agreement. These requirements can clarify the expenses/activities that the State Agency considers to be allowable/unallowable for the subawardee. Some examples of State Agency program requirements may include:

- Funds must not be used for equipment/personnel; and/or
- A 50 percent match is required for the project.

## How Should Payments be Addressed in the Subaward?

The State Agency should include requirements for the collection of source documentation to determine if costs are allowable (necessary), reasonable, and allocable, and monitoring tools such as site visit/document reviews. For example, a State Agency may require specific source documentation from a subawardee when they submit an invoice for payment. In addition, the State Agency is encouraged to include consequences for noncompliance, such as the withholding of payments to a recipient organization in the event that they have failed to comply with the subaward terms and conditions (7 CFR Part 3016.21).



THE STATE AGENCY SHOULD INCLUDE REQUIREMENTS FOR THE COLLECTION OF SOURCE DOCUMENTATION TO DETERMINE IF COSTS ARE ALLOWABLE (NECESSARY), REASONABLE, AND ALLOCABLE, AND MONITORING TOOLS SUCH AS SITE VISIT/ DOCUMENT REVIEWS.



*Continued on the next page*

# Specialty Crop Block Grant Program

---



## Payments *(cont. from page 3)*

In addition, the procedures that the subawardee must follow to receive payment for grant activities must be included in the subaward agreement. Payment procedures provide the dollar amount, method and schedule of payment, type of supporting documentation required, and procedures for review and approval of expenditures of grant funds. *It should be noted* that if State Agency advances funds to subawardees, the timing requirements for disbursements must be included in the subaward agreement. Cash advances must be limited to the minimum amounts needed to meet current disbursement needs and shall be scheduled so the funds are available as closely as is administratively feasible to the actual disbursements by the recipient for program costs (usually 30 days).

## How Should Acquired Property and Accrued Program Income be Addressed in the Subaward Agreement?

The subaward agreement should establish provisions for tangible and intangible property acquired during the subaward's period of performance, including inventions and special purpose equipment. Specifically, the subaward agreement must include a provision regarding a requirement to report inventions to the grantee. In addition, a provision regarding use, management, and disposition of special purpose equipment (other than intellectual property) must also be included in the subaward agreement.

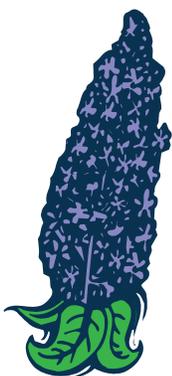
The subaward agreement should also establish the provisions for monitoring and the use of program income accrued during the subaward's period of performance. Under the SCBGP-FB, if program income is earned, it must be used for: 1) expanding the project or program; 2) continuing the projects or program after the grant or subgrant support ends; and/or 3) supporting other projects or programs that further enhance the competitiveness of eligible specialty crops. These same requirements for use of program income must be adhered to by the State Agency's subawardees.

## Are There Any Other Provisions I Should Consider When Developing a Subaward Agreement?

Additional guidelines and requirements may be included by reference in the terms and conditions or physically attached to the subaward agreement. Specifically, the subaward agreement must incorporate the applicable public policy requirements and provisions, which indicates the intent of the subawardee to comply, including submission of applicable assurances and certifications. These are policies that a recipient must meet to receive Federal grant funds. Some examples of public policy requirements include, but are not limited to; civil rights, drug-free workplace, animal welfare, and protection of human subjects. To view references to public policies, see the SCBGP-FB [Guidance Document's Appendix E](#) for more information.

*Continued on the next page*

THE SUBAWARD AGREEMENT SHOULD ESTABLISH PROVISIONS FOR TANGIBLE AND INTANGIBLE PROPERTY ACQUIRED DURING THE SUBAWARD'S PERIOD OF PERFORMANCE, INCLUDING INVENTIONS AND SPECIAL PURPOSE EQUIPMENT.



## Other Provisions *(cont. from page 4)*

The State Agency may include references to the State Agency's specific policies, such as travel reimbursement and salaries and fringe benefits (the policies of the subgrantee may be used as long as they meet AMS, SCBGP-FB requirements).

## Additional Subaward Agreement Information

In order to help you draft your subaward agreements, manage and monitor project performance and funding for the fiscal year 2012 Specialty Crop Block Grant Program-Farm Bill (SCBGP-FB), we developed a *Post-Award Audio and Video Presentation*. The presentation covers all aspects of grant management from when the grant agreement has been signed by the State department of agriculture to grant closeout and is available on the home page of the SCBGP-FB website at [www.ams.usda.gov/scbgp](http://www.ams.usda.gov/scbgp).

## State Performance Report Writing Tips

Below are few of those tips you will want to consider and communicate to your subgrantees as both of you develop performance reports.

We have also provided a *Sample Performance Report* to assist you with providing the SCBGP-FB with the required report information. The *Sample Performance Report* includes annual performance reports and a final performance report for the projects that are included in the *Sample State Plan*. The report includes helpful comments and tips.

### Annual Performance Reports

When developing an Annual Performance Report it is important to review the approved State Plan project proposals and subsequent approved amendments to ensure that the report accounts for all activities (previous and future) as well as applicable goals and outcomes. The *Annual Performance Report Checklist* should also be used to ensure you have addressed all required areas and questions.

It is also important to remember to use the appropriate tense for each section in the performance report. For example, the Activities Performed section should be written in the past tense because the project activities in this section occurred in the past, while the Future Project Plans section should be written in future tense because these project activities will occur in the future.

If projects have been completed before you submit your annual performance report, you may submit those projects in final performance report format.

### Final Performance Reports

When developing an Annual Performance Report it is important to review the approved State Plan project proposals and subsequent approved amendments, and previous Annual Performance Reports to ensure that the Final Performance Report accounts for all activities performed and attained goals and outcomes. The *Final Performance Report Checklist* should also be used to ensure you have addressed all required areas and questions.



IF PROJECTS  
HAVE BEEN  
COMPLETED  
BEFORE YOU  
SUBMIT YOUR  
ANNUAL  
PERFORMANCE  
REPORT, YOU  
MAY SUBMIT  
THOSE PROJECTS  
IN FINAL  
PERFORMANCE  
REPORT FORMAT.



*Continued on the next page*



### State Performance Report Writing Tips *(cont. from page 5)*

It is important to note that the approved Final Performance Report is published on the SCBGP-FB's website and should describe the major successes of your State's grant program and help inform others who might benefit from lessons learned. Since the report is published on the SCBGP-FB's website, be sure to review it closely for typographical errors, incomplete sentences, and misspelled words.

---

For more information go to the SCBGP's Website

[www.ams.usda.gov/scbgp](http://www.ams.usda.gov/scbgp)

---

### State Prior Approval Request Writing Tips



We have also provided [Sample Amendments](#) to assist you with providing the SCBGP-FB with the required amendment information. The Sample Amendment includes a scope change and a budget change for one or more of the projects that are included in the Sample State Plan. The amendments include helpful comments and tips.

Written prior approval from the SCBGP-FB is required for the following changes: 1) A modification to the scope or objectives of a project, including discontinuing all or a portion of a project, and adding a new project; 2) if the cumulative amount of a budget modification exceeds 20 percent (20%) of the project's total budget as last approved by the SCBGP-FB; and 3) an extension of grant period. Extensions cannot be approved to extend the grant beyond 3 calendar years.

When developing an amendment for prior approval from the SCBGP-FB ensure that it follows the Amendment Guidance provided at [SCBGP-FB Sample Amendments](#) to ensure all required information is provided.