



FEDERAL GRANT MANAGEMENT MANUAL



CALIFORNIA GOVERNOR'S OFFICE OF PLANNING AND RESEARCH

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Purpose of the Federal Grant Management Manual

The Federal Grant Management Manual (FGMM) is designed to provide general direction and guidance to federal grant recipients for the successful management of federally funded projects. It identifies the roles and responsibilities of all parties and describes federal regulations and requirements of federal grants. The FFGM is based on, and is consistent with, the guidance and legal requirements found in the Code of Federal Regulations, and its contents originate from the California Department of Food and Agriculture's Grant Management Procedure Manual.¹

Grant Recipients

Recipients implement the federal grant agreement scope of work and ensure all project activities, including contractor/consultant activities, comply with applicable federal regulations and requirements and grant terms and conditions.

Compliance with Federal Requirements

Guidance for federal awards is published in the Code of Federal Regulations (CFR). The CFR is accessible through the Electronic Code of Federal Regulations at www.ecfr.gov.

Grant funds awarded to federal, state, local, and tribal governments; public and private colleges and universities; and non-profit organizations are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards contained in 2 CFR part 200.

Grant funds awarded to for-profit organizations are subject to the Uniform Administrative Requirements contained in 2 CFR part 200, and the Cost Principles contained in the Federal Acquisition Regulation (FAR) Subpart 31.2, Contracts with Commercial Organizations, codified at 48 CFR 31.2.

Recipients are responsible for the consistent application of federal regulations to federal grant funds, and are responsible for ensuring that their contractors/consultants comply with federal regulations.

Allowable Costs

A cost is allowable if it directly relates to the approved project and is incurred solely to advance work under the federal grant Agreement. Allowable costs may include salaries and wages, fringe benefits, consultant services, travel, scientific research equipment, subcontractors and materials, data collection and analysis, and training.

Expenditures shall conform to federal grant requirements, federal and state laws and regulations and shall be:

- Necessary and reasonable for proper and efficient performance and administration of the project.
- Authorized or not prohibited under federal, state or local laws or regulations.
- Consistent with policies, regulations, and procedures that apply uniformly to both federal and state funds and other activities of the governmental unit.
- Determined in accordance with generally accepted accounting principles.
- Adequately documented.

¹ https://www.cdfa.ca.gov/Specialty_Crop_Competitiveness_Grants/RecipientResources.html

Unallowable Costs

A cost is unallowable if it does not comply with applicable cost principles, program requirements, or other terms and conditions of the federal grant agreement. A cost is also unallowable if it is not contained in the approved scope of work, or is not necessary and reasonable to advance the work of the project. Unallowable costs will not be reimbursed.

Specific expenses that are unallowable include, but are not limited to, sponsorships, hospitality suites, incentives, donations, gifts, giveaways, alcoholic beverages, costs of entertainment (including amusement, diversion and social activities, and any costs directly associated with such costs such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities), costs associated with promoting an organization or membership building, costs associated with lobbying, and costs for organized fundraising including financial campaigns and solicitation of gifts.

Direct and Indirect Costs

It is not allowable to charge an indirect cost as a direct cost.

Direct costs are costs that can be identified specifically with a particular project or can be directly assigned to a project activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation for employees who work directly on the project, travel, equipment, and supplies necessary to the project.

Indirect costs (also known as “facilities and administrative costs”) are costs incurred for a common or joint objective that cannot be identified specifically with a particular project. Typically, indirect costs include, but are not limited to, compensation for executive officers, and administrative and clerical staff, costs of operating and maintaining facilities, general administration expenses (such as supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation, and insurance.

The salaries of administrative and clerical staff should normally be treated as indirect costs.

The following are considered indirect and may not be charged to federal grant funds as direct costs:

- Information technology services
- Rent
- Utilities and internet service
- Telephone service (mobile and land-line)
- General office supplies
- Insurance and indemnification

Program Income

Program income is earned from activities supported by or as a result of the grant. Program income must be reinvested into the project to further enhance the project objectives and must be expended on allowable project costs that directly, solely, and exclusively advance the federal grant agreement’s goals and objectives. It is unallowable to retain program income as profit or funding for the Recipient or to expend program income on unallowable costs.

Cost Share

Cost share refers to matching funds and/or in-kind contributions.

Timekeeping Requirements

Activity reports are required to support salary and wage and fringe benefit expenditures charged to federal grants. Each report must account for the total activity for which each employee is compensated, as well as the hours worked on a particular grant project. A description of activities must be included, and the description must include enough detail to determine whether the activity is grant-related. This also applies to salaried employees, such as Executive Directors (reference 2 CFR 200.430). Costs not adequately supported are unallowable and will not be reimbursed.

Travel

All travel costs must be substantiated by receipts. Costs not substantiated by receipts are considered unallowable and will not be reimbursed. Credit card statements are not acceptable as receipts to support travel costs.

Domestic Travel

Reimbursement is for actual costs up to the maximum allowance for meals, incidentals, and lodging expenses for each complete 24 hours of travel. The maximum travel rates allowable are the lesser of the rates in effect at the time of travel as established by the United States (U.S.) General Services Administration (GSA), or the Recipient's established travel policy.

Foreign Travel

Reimbursement is available for actual costs up to the maximum allowance for meal, incidental, and lodging expenses when traveling out of the country. The maximum international travel rates allowable are established in the Chapter 925 Per Diem Supplement to the U.S. Department of State Standardized Regulations. These per diem rates are available on the U.S. Department of State website.

Rates are subject to change daily to account for currency and economic changes.

- Reimbursement for meals and lodging plus incidental travel expenses will be paid up to the rates identified on the U.S. Department of State's website.
- The lodging allowance is intended to substantially cover the cost of lodging at adequate, suitable and moderately priced facilities.
- Travelers are advised to request information on hotel discounts for Recipients traveling on U.S. Government business.

Mileage and Parking

Mileage reimbursement for using a privately owned vehicle will be at the standard mileage rate established by the U.S. Internal Revenue Service (IRS) in effect at the time of travel. The standard mileage rate in effect at the time of travel can be found on the IRS website. Mileage logs should be utilized to substantiate mileage costs.

Recipients should utilize the most economical parking option available. Reimbursement for parking is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate.

Air Travel

Reimbursement is available up to actual airfare expenses incurred.

- Economy-based rates are to be used by all travelers.
- International travel must comply with the Fly America Act, U.S.C. Title 49 § 40118. This Act requires consultants, contractors, grantees, and others performing U.S. Government financed foreign air travel to travel by U.S. flag air carriers with some exceptions.

Contractors/Consultants

Recipients may contract for services that cannot be provided by staff employed by the Recipient.

Generally, these services are for a short-term period and provide a specific and identifiable product or service. Recipients are responsible for ensuring their contractors/consultants comply with applicable federal regulations and requirements. Contracting out must not affect the Recipient's overall responsibility for the management of the project, and the Recipient must reserve sufficient rights and controls to enable it to fulfill its responsibilities for the project.

Recipients must establish and follow a documented procurement policy, which conforms to applicable federal law and reflects applicable state, local and tribal laws and regulations. Reference 2 CFR 200.318 for additional information on general procurement standards.

Competitive Process

Federal regulations require all procurement transactions be conducted in a manner providing full and open competition and consistent with the procurement standards of 2 CFR 200.317 – 200.326.

Written Agreement

The Recipient must have a written agreement with each contractor/consultant. The written agreement must include at a minimum: beginning and ending dates, dollar amount of the contract, a description of activities, services or deliverables to be performed with a time schedule, a budget, the cost principles to be used in determining allowable costs, payment provisions, and the policies and requirements that apply to the contractor/consultant (including those required by Appendix II to 2 CFR 200).

Compensation

Contractors/consultants must comply with federal requirements regarding timekeeping. Hourly or salaried compensation (including hourly rates for "Professional Services") for contractors/consultants may not exceed GS-15 step 10 for the Recipient's locality.

When utilizing a flat-rate for services, Recipients must demonstrate the rate is reasonable and consistent with fees in the marketplace for similar services. The inclusion of costs that would otherwise be unallowable within a flat-rate for services is prohibited.

A description of the steps taken to hire a contractor must be provided, which includes obtaining and providing a cost/price analysis (i.e., a quote or bid) from at least three contractors who can perform the service. The purpose of the cost analysis is to review and evaluate each element of cost to determine reasonableness

Notes:

- GS-15 step 10 is a salary table; the rate listed does not include fringe benefits, travel, indirect costs or other expenses.
- Procurement through a competitive process does not constitute an approved justification for exceeding the GS-15 step 10 rate

Equipment

Equipment is tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Scientific research equipment is allowable with prior approval. General purpose equipment is not allowable.

Single Audit Requirements

State, local, and tribal governments, non-profit organizations, and institutions of higher education that expend more than \$750,000 annually in federal awards must comply with the single audit requirements contained in 2 CFR 200 Subpart F.

Remedies for Noncompliance

Pursuant to 2 CFR 200.338, a number of remedies may be applied as a response to a Recipient's failure to comply with federal and state laws and regulations and grant agreement terms and conditions:

- Disallowance of costs for all or part of the cost of the activity or action not in compliance, or for the invoicing or reporting period not in compliance;
- Withdrawal of authorized personnel approval;
- Withholding of payments;
- Imposition of additional conditions; and,
- Suspension or termination of the grant agreement.

Additional Conditions

Pursuant to 2 CFR 200.207, additional specific conditions may be imposed on Recipients who are noncompliant with federal and state laws and regulations, or grant agreement terms and conditions.

Termination of Grant Agreement

Pursuant to 2 CFR 200.338 – 200.340, grant agreement may be terminated for noncompliance.

Scientific Research Equipment

The purchase, use, management, maintenance, disposition, and reporting of scientific research equipment purchased with or developed under a grant agreement is governed by the property standards contained in 2 CFR 200.310 – 200.316. It is important to note these requirements remain in effect after the close of the grant agreement.

Property Records

Recipients must maintain property records for scientific research equipment, including but not limited to a description of the equipment, a serial number or other identification number, identification of the grant agreement under which the equipment was acquired, the acquisition date, acquisition cost, percentage of federal participation in the cost of the equipment, the location, use and condition of the equipment, and any ultimate disposition information including the date of disposal and sale price of the equipment.

Disposition of Scientific Research Equipment and Supplies

If scientific research equipment was purchased during the term of the grant agreement and has a fair market value of less than \$5,000 at the close of the grant agreement, it is no longer considered equipment and is not subject to the federal regulations governing equipment. If the fair market value is \$5,000 or more at the close of the grant agreement, the use, management, and disposition of the equipment is subject to the provisions in 2 CFR 200.313. A Tangible Personal Property Report Disposition Report/Request (form SF-428-C) must be completed prior to disposition. These requirements apply until the fair market value of the equipment is \$5,000 or less.

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project, the Recipient must comply with 2 CFR 200.314.

Record Retention

Retention and accessibility of financial records, project records, and supporting documents is governed by 2 CFR 200.333 and 2 CFR 200.337.

Records that must be retained include:

- Timesheets and records that reflect the total activity (including descriptions) for which each employee is compensated;
- Actual expenditure invoices of direct costs charged to grant fund;
- Employee reimbursement claims including lodging, per diem and transportation receipts;
- Documentation supporting calculation or methodology to determine indirect costs; and,
- All other supporting documentation related to the grant agreement.