

10.170

SPECIALTY CROP BLOCK GRANT PROGRAM-FARM BILL

State Project/Program: NC SPECIALTY CROP BLOCK GRANT PROGRAM (NCSCBGP)

Agricultural Marketing Service

Federal Authorization: Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note) and amended under section 10107 of the Agriculture Improvement Act of 2018, Public Law 115-334 (the Farm Bill), Public Law 115-334

State Authorization:

**North Carolina Department of Agriculture & Consumer Services
Research Stations Division**

Agency Contact Person – Program

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2023 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

NC SPECIALTY CROP BLOCK GRANT PROGRAM (NCSCBGP)

I. PROGRAM OBJECTIVES

The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”

II. PROGRAM PROCEDURES

Applicants are encouraged to develop projects solely to enhance the competitiveness of specialty crops pertaining to the following issues affecting the specialty crop industry: Increasing child and adult nutrition knowledge and consumption of specialty crops; participation of industry representatives at meetings of international standard setting bodies in which the U.S. government participates; improving efficiency and reducing costs of distribution systems; assisting all entities in the specialty crop distribution chains in developing “Good Agricultural Practices”, “Good Handling Practices”, “Good Manufacturing Practices”, and in cost-share arrangements for funding audits of such systems for small farmers, packers and processors; investing in specialty crop research, including organic research to focus on conservation and environmental outcomes; enhancing food safety; developing new and improved seed varieties and specialty crops; pest and disease control; and sustainability.

Eligible applicants may wish to consider submitting grants that increase the competitiveness of specialty crop farmers, including Native American and disadvantaged farmers. Increasing competitiveness may include developing local and regional food systems, and improving food access in underserved communities.

Commonly recognized specialty crops are fruits, vegetables, tree nuts, dried fruits, and nursery crops (including floriculture). Please see <http://www.ams.usda.gov/scbqp> for a comprehensive listing.

III. COMPLIANCE REQUIREMENTS

All awarded grant projects must comply with all applicable federal and state laws and regulations and the terms of the grant award. The Grantee shall comply, as applicable, with the Specialty Crop Competitiveness Act of 2004 of Public Law 108-465 (7 U.S.C. § 1621 note); specialty crop block grant program regulations at 7 C.F.R. Parts 1290 and 1291; and uniform federal grant regulations at 7 C.F.R. Parts 3015, 3016, 48 C.F.R. Subpart 31.2 and 2 C.F.R. Part 200.

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

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A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

A. Activities Allowed or Unallowed

All awarded grant projects must comply with all applicable federal and state laws and regulations and the terms of the grant award. The Grantee shall comply, as applicable, with the Specialty Crop Competitiveness Act of 2004 of Public Law 108-465 (7 U.S.C. § 1621 note); specialty crop block grant program regulations at 7 C.F.R. Parts 1290 and 1291; and uniform federal grant regulations at 7 C.F.R. Parts 3015, 3016, and 3019. Allowable and Unallowable Cost and activities can be found at 8.2 of General Terms and Conditions.

B. Allowable Costs/Cost Principles

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

2 CFR 225, "Cost Principles for State, Local, and Indian Tribal Governments."

2 CFR 230, "Cost Principles for Nonprofit Organizations"

2 CFR 220, "Cost Principles for Colleges and Universities"

48 CFR 31.2, "Cost Principles for Profits"

C. Cash Management

a. The State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds and meet the requirements of 7 CFR Part 3016.20.

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

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

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

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

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

g. Established procedures shall be used for determining the reasonableness, allowability, and allocability of costs in accordance with the cost principles prescribed by Section 1.b. of this part and the provisions of this grant award.

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

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

D. Reserve

E. Eligibility

State and/or local governmental units, academia [Universities and Colleges], and non-profit organizations, including producer associations, community-based organizations and other specialty crop stakeholders are eligible to apply either as single entities or in combined efforts.

F. Equipment and Real Property Management

Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct and indirect charges.

Costs associated with capital expenditures are unallowable for special purpose equipment with a unit cost of \$5000 or more without prior approval from AMS. "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Grantees and subgrantee purchasing any special purpose equipment or product with funds provided under this award are encouraged to use such funds to purchase only American-made equipment or products.

Title to special purpose equipment acquired by a grantee or subgrantee with funds provided under this award shall vest in the grantee or subgrantee.

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The cost of an item of nonexpendable special purpose equipment is the net invoice cost of the item, including necessary modifications for which it was acquired, fabricated, or constructed. Other charges such as the cost of installation, transportation, taxes, insurance, and the like, may be included or excluded from the unit acquisition cost in accordance with the grantee or subgrantee regular accounting practices.

If the approved award involves the acquisition of special purpose equipment to be maintained in a foreign country, the grantee or subgrantee is legally responsible for such equipment. The grantee or subgrantee should obtain a receipt from the cooperator in the foreign country and should send a copy of it to the Federal Agency. After the project, disposition instructions should be requested from the Federal Agency.

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

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

G. Matching, Level of Effort, Earmarking

N/A

H. Period of Performance

Projects must be completed by end of contract.

I. Procurement and Suspension and Debarment

Grantees and subgrantee must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal Assistance program under Executive Order **12549, "Debarment and Suspension."**

J. Program Income

Any program income generated during the grant period must be used to further the objectives of the project. All program income must be recorded on the Annual Performance Report for the period in which it was earned and the Final Performance Report. Recipients are not accountable for program income earned after the grant period.

Program income includes, but is not limited to:

- Income from fees for services performed;
- The sale of commodities or items fabricated under an award (this includes items sold at cost if the cost of producing the item was funded in whole or part with grant funds); and
- Registration fees for conferences, workshops, etc.

Royalties or equivalent income earned from patents, inventions, trademarks, and copyrighted works are not subject to this section.

K. Reserve: N/A

L. Reporting

1) State [N.C.G.S. 143C-6-23]:

The Agency has determined that this Grantee is subject to the State reporting requirements described in of the contract. These required reports must be filed electronically with the NC Office of State Budget and Management. Failure to file reports as mandated by N.C.G.S. §143C-6-23 will result in the withholding of further State funds until reporting compliance is achieved.

(2) Agency Reporting Requirements:

Grantees must submit and interim performance report by July 31st and an annual performance report by October 31st of each year. A final report will be due within 60 days following the completion of the project or expiration of the Grant Award Contract. Failure to submit timely reports may result in the forfeiture of reimbursements.

(3) Federal Reporting Requirements:

The Federal Funding Accountability and Transparency Act (FFATA) requires that all entities receiving federal funds register in the System for Award Management (SAM) database and submit required information as determined in the FFATA regulation. The Grantee shall register in the SAM database and submit any additional forms and/or documentation requested to fulfill the FFATA reporting requirements as outlined by the Agency.

Any Grantee that receives \$750,000 or more in FEDERAL awards during its fiscal year from any source, including federal funds passed through the State or other grantors, it must obtain a single audit or program-specific audit conducted in accordance with the Federal Office of Management and Budget's 2 CFR 200 - Uniform Guidance. If the above amounts are not met by one single funding agency, but rather any combination of funding agencies, then the appropriate reports shall be sent to the Agency. Also, a corrective action plan for any audit findings and recommendations must be submitted along with the audit report.

M. Subrecipient Monitoring

Grantee to provide the granting agency evidence of subgrantee monitoring and evaluation of program expenditures and adherence of guidelines and all program requirements.

N. Special Tests and Provisions: N/A