



A Cooperator's Guide to Forest Service Assistance
Through Grants and Cooperative Agreements

Purpose of This Guide:

Financial assistance through grants and cooperative agreements is available to cooperators from the Forest Service (primarily Research and State and Private Forestry units). This guide is designed to provide cooperators with a brief summary of Federal grants and agreements requirements, including applicable regulations, the application process, and budget and reporting requirements.

Definitions:

Federal Financial Assistance: The transfer of property, money, or other direct assistance to an eligible recipient to accomplish a public purpose of support or stimulation.

1) *Cooperative agreement*: A legal instrument used to document assistance when substantial involvement is expected between the Forest Service and the recipient.

2) *Grant*: A legal instrument used to document assistance when substantial involvement is not expected between the Forest Service and the recipient.

Federal Requirements for Grants and Agreements:

Federal requirements apply to different types of organizations that are awarded grants and cooperative agreements by the Forest Service. Requirements include:

- 1) Federal Cost Principles,
- 2) Federal Management Standards,
- 3) Federal Audit Requirements, and
- 4) United States Department of Agriculture (USDA)

implementing regulations.

Requirements are defined through Office of Management and Budget (OMB) circulars, Federal Acquisition Regulations (FAR's), and Code of Federal Regulations (CFR's). The following provides the applicable regulations and requirements by organization type.

Federal Cost Principles

OMB Circular A-21

OMB Circular A-122

OMB Circular A-87

FAR, Part 31

Type of Organization

Educational

Nonprofit

State, Local and Indian Tribal Governments

Profit Organizations

Federal Management Standards/USDA Regs

OMB Circular A-110/ 7 CFR 3019

OMB Circular A-102/ 7 CFR 3016

Type of Organization

Profit, educational, nonprofit

State, Local and Indian Tribal Governments

Federal Audit Requirements/
USDA Regs

OMB Circular A-133/ 7 CFR
3050-3052

Cognizant agency

Type of Organization

Educational, nonprofit, State,
local and tribal governments

Profit organizations

In addition to these requirements, regulations for Governmentwide debarment and suspension (Nonprocurement) are described in 7 CFR 3017. Regulations for restrictions on lobbying are described in 7 CFR 3018. For copies of the documents listed, access the following Website addresses:

OMB Circulars:

<http://www.whitehouse.gov/WH/EOP/OMB/html/circular.html>

FAR:

<http://www.gsa.gov/far/90-37/html/31.html>

CFR's:

<http://www.access.gpo.gov/nara/cfr>

Application:

To apply for an unsolicited Forest Service grant or cooperative agreement, the following Standard Forms (SF's) and Agriculture Department (AD) forms should be completed and submitted to the applicable Forest Service resource manager or research unit.

- 1) SF-424, Application for Federal Assistance
- 2) SF-424A, Budget Information for Nonconstruction Programs, or SF-424C for construction programs
- 3) SF-424B, Assurances for Nonconstruction Programs, or SF-424D for construction programs

4) Certifications:

a. AD-1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary covered Transactions

b. AD-1049, Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - Grantees Other Than Individuals, or AD-1052, Certification Regarding Drug-Free Workplace Requirements for State and State Agencies

c. SF-LLL-A, Certification Regarding Lobbying, for awards over \$100,000

In addition to these forms, you must include the following:

- 1) Narrative Statement describing the project and methodology
- 2) Proof of Nonprofit Eligibility Status (if applicable)

Budget:

- 1) Costs should be allowable, allocable, and reasonable following guidelines set forth in the OMB Circulars.
- 2) Cost-sharing, if required under specific programs, must be reflected in the grant or cooperative agreement budget. These costs must be auditable, allowable, and supported with non-Federal funds. In-kind contributions must be valued in accordance with current market costs of similar goods or services.
- 3) Facilities and administrative costs (indirect costs) are those costs that are incurred for common or joint objectives and cannot be readily and specifically identified with a particular grant or cooperative agreement. Facilities and Administrative costs requested in the budget must be supported with a negotiated indirect cost rate approved by a cognizant agency.

4) Do not include anything used to meet material requirements for any other Federal Grant.

5) Do not commit funding sources that are not firm.

6) Identify which costs will be attributed to Federal funds.

7) Identify which costs will be attributed to nonfederal resources and identify the source.

WHAT IS A GOOD BUDGET?

- Each project/activity is clearly defined in the narrative
- Items of cost in support of a project/activity are clearly defined
- Supporting budget narrative clearly explains the composition of each item of cost so that the basis of each cost is clearly disclosed

THE NARRATIVE BUDGET

- The grant narrative should include a detailed budget that reflects the specific costs for what is needed to complete the various activities
- The budget needs to include both federal and non-federal costs for the activities
- The budget information must support the narrative statements

SF-424A BUDGET FORM CATEGORIES

- **Personnel** – in the budget narrative indicate:
 - What positions are included
 - The wage (*annual, monthly, or hourly*)
 - Time that will be allocated to the project (*full-time or part-time for “x” amount of days/weeks/months*)
- **Fringe** – match to the positions identified under “personnel”

SF-424A CATEGORIES (cont.)

- **Travel** - provide enough detail on travel costs (*transportation, airfare, lodging, subsistence and other related costs*) to determine reasonableness of request
- **Equipment** – itemize so that reasonableness and applicability to the program/project can be determined

SF-424A CATEGORIES (cont.)

- **Supplies** – itemize on a general basis so that reasonableness and applicability to the project can be determined
- **Contractual** – provide detailed costs for contracts to show how the value was determined
 - Note: procurement by noncompetitive proposals is generally not acceptable

SF-424A CATEGORIES (cont.)

- **Construction** – generally not applicable for Forest Service grants
- **Other** – include items that do not clearly fit into the above categories (costs should be clearly identified and explained)

SF-424A CATEGORIES (cont.)

- **Indirect Charges** - costs that have been incurred for common or joint purposes
 - Indirect costs are charged to Federal awards by the use of an approved indirect cost rate determination that is issued by the cognizant audit agency
 - Applicant needs to provide a copy of current approved indirect cost rate and what it is based on

MATCHING REQUIREMENTS

- Prescribed by Congress in the grant program's authorizing legislation
- Establish a limit on the amount of federal financial participation
- Matching may be financed by either or both:
 - Allowable costs incurred by the grantee
 - Allowable third-party in-kind contributions

THIRD-PARTY IN-KIND CONTRIBUTIONS

- Rule for valuation is “what it would have cost if the grantee had paid for the item or service itself”
- Be necessary to accomplish program activities
- Be allowable if the grantee were required to pay for them

CASH AND IN-KIND CONTRIBUTIONS

- Can not be included as the non-federal share for another federally assisted program
- Must be necessary, reasonable and allowable
- Can not have been paid by the federal government under any other grant or agreement unless authorized by law
- Must be verifiable in the grantee's records

Recordkeeping and Reporting:

- 1) Recipients are required to maintain and retain all financial records, program records, and supporting documents for 3 years from the date of submission of the final expenditure report.
- 2) Performance reports as required by the specific award should be submitted in writing and show progress achieved in accomplishing the goals and objectives of the award. If difficulties are encountered and goals or objectives are not expected to be met, it is incumbent upon the awardee to notify the technical representative for the Forest Service as soon as possible.

3) Financial reports must be filed using the following forms.

a. SF-269/SF-269A, Financial Status Report—contains basic information about recipient outlays and unobligated balance.

b. SF-270, Request for Advance or Reimbursement-- used to request payments (for recipients who do not use electronic method).

c. SF-272, Report of Federal Cash Transactions—used when recipients are paid by advance to monitor timing of the advance and subsequent disbursements.

d. PMS-272, Report of Federal Cash Transactions-- same as the SF-272, but for recipients using the U.S. Department of Health and Human Services electronic payment system.

The frequency of reports is specified in the individual award.

DOCUMENTATION

- The most common problem is lack of documentation!
 - Examples: timesheets, invoices, contracts
- Grantee records much show how the valuation of third-party contributions were derived

FINANCIAL MANAGEMENT SYSTEMS

- Financial management systems shall provide for:
 - Financial reporting
 - Accounting records that identify source and application of funds
 - Internal control
 - Budget control
 - Allowable costs (OMB cost principles) followed
 - Source documentation

Award Changes:

Prior approval by the Forest Service is required for the following changes under an award:

- 1) Transfer of the effort to a subrecipient,
- 2) Change in objectives or scope, and
- 3) Absence or change in Principal Investigator.

Suspension or Termination:

Suspension or termination procedures are undertaken when the awardee has materially failed to comply with the terms and conditions of the award, the Forest Service has other reasonable cause, the parties mutually agree, or the awardee notifies the Forest Service in writing.

GRANT CLOSEOUT

- Closeout of a grant is the process by which the Forest Service determines that all applicable administrative actions and all required work have been completed

GRANTEE REVIEW PRIOR TO CLOSEOUT

- Are the objectives and expected outcomes going to be achieved?
- Will the terms and conditions of the award letter be met?
- Will the final budget balance with the existing approved grant budget?
- Will matching and partnership contributions materialize?

GRANTEE REVIEW (cont.)

- Have all modifications (amendments) to the grant been identified and acted upon?
- Will the project finish on time?
- Have the USDA and OMB regulations been reviewed for the after-the-grant requirements?

CLOSEOUT PROCEDURES

- Within 90 days of the grant expiration date, the recipient must submit:
 - Final financial status report (SF-269)
 - Final request for reimbursement (SF-270)
 - Final written accomplishment report
- Extensions of time may be permitted upon written request from the recipient, if justified

ASPECTS NOT AFFECTED BY GRANT CLOSEOUT

- The Forest Service's right to disallow costs and recover funds on the basis of a later audit or review
- The recipient's obligation to return any funds due as a result of later refunds, corrections, or other transactions
- The recipient's obligation to account for any property acquired with grant funds or received from the Federal Government

ASPECTS NOT AFFECTED (cont.)

- Recipient's responsibility for records retention
- Recipient's responsibility to follow audit requirements contained in USDA Administrative Requirements and OMB Circulars

GRANT REGULATIONS

7 CFR 3016

USDA Uniform Administrative
Requirements for Grants and
Cooperative Agreements to State and
Local Governments

3016.3 Definitions (pages 1-5)

- Administrative requirements: matters common to grants in general
 - Financial management
 - Kinds and frequency of reports
 - Retention of records
- Cost sharing or matching
 - Value of third party in-kind contributions
 - Portion of costs not borne by the Federal Govt.

3016.3 Definitions (cont.)

- Equipment
 - Tangible, nonexpendable, personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit
- Prior Approval
 - Documentation evidencing consent (by an authorized person) prior to incurring specific cost
- State
 - Includes any territory or possession of the U.S.

3016.3 Definitions (cont.)

- Supplies
 - All tangible personal property other than equipment
- Terms of a Grant or Subgrant
 - All requirements, whether in statute, regulations, or the award document
- Third Party In-kind Contributions
 - Property/services that benefit a federally assisted project/program
 - Contributed by non-Federal third parties without charge to the grantee

3016.10 Forms (pages 7-8)

- Use standard application forms
- For amendments
 - All amendments require a new SF-424 application form
 - Only the affected pages of a previously approved grant need to be submitted (e.g. SF-424A form for budget changes)

3016.12 “High Risk” Grantees (pages 9-10)

- “High Risk” means grantee:
 - Has history of unsatisfactory performance
 - Is not financially stable
 - Management system does not meet OMB standards
 - Has not conformed to terms and conditions of previous awards
 - Is otherwise not responsible

3016.12 “High Risk” (cont.)

- Special restrictions that may be imposed:
 - Payment on a reimbursement basis
 - Withholding authority to proceed to next phase until evidence of acceptable performance
 - Requiring additional, more detailed financial reports
 - Additional project monitoring
 - Requiring more technical assistance
 - Establishing additional prior approvals

3016.12 “High Risk” (cont.)

- If conditions are to be imposed, the grantee will be notified in writing of:
 - Nature of the special conditions/restrictions
 - Reasons for imposing them
 - Corrective actions that must be taken before they will be removed and time allowed
 - Method of requiring reconsideration of the special conditions

3016.20 Financial Management (pages 10-11)

- Financial management system standards:
 - Financial reporting
 - Accounting records
 - Internal control
 - Budget control
 - Allowable costs (OMB Circulars)
 - Source documentation

3016.23 Period of fund availability (page 14)

- A grantee may charge to the award only costs resulting from obligations during the approved grant funding period
- All obligations incurred under the award must be liquidated not later than 90 days after the expiration date
- The Federal Agency may extend the 90 day deadline at the request of the grantee

3016.24 Matching (pages 14-16)

- Must be an allowable cost
- Must occur within approved grant period
- Can't be other Federal funding
- Can't be used toward other Federal cost-sharing grants
- Must have verifiable records

3016.23 Matching (cont.)

- Valuation

- Donated services: rates consistent with those ordinarily paid for similar work
- Employees of other organizations: regular rate of pay if doing normal line of work for grant
- Donated supplies/equipment: market value at time of donation
- Donated space: fair rental rate

3016.25 Program Income (pages 17-19)

- Definition
 - Income directly generated by a grant activity
- Use of program income
 - Deduction (default method)
 - Addition (expands program)
 - Cost share or matching
 - Income earned after the award period has no Federal requirements

3016.26 Non-Federal Audit (page 19)

- Basic rule
 - Must obtain audits in accordance with the Single Audit Act of 1984
 - Shall be made by independent auditor in accordance with generally accepted government auditing standards
- OMB Circular A-133
 - Audits of States, Local Governments, and Non-Profit Organizations

3016.30 Changes (pages 20-21)

- Budget
 - 10% rule
- Programmatic
 - Any revision to the scope of objectives of the project
- Extension of Time
- Replacing salaried work with contract
- Additional prior approval requirements

3016.32 Equipment (pages 22-24)

- Title vests in the grantee
- States use, manage and dispose within state procedures
- Federal Govt. retains shadow ownership
- Can't use to unfairly compete with private companies
- Management requirements: property records, inventory every 2 years, adequate maintenance

3016.32 Equipment (cont.)

- Federal equipment
 - Title vests in the Federal Govt.
 - Manage in accordance with Federal Agency rules and procedures
 - Submit annual inventory

3016.33 Supplies (page 25)

- Tangible personal property valued at less than \$5,000 per unit.
- At end of grant
 - Unused supplies exceeding \$5,000 value are to be used for other Federally sponsored activities
 - If no applicable Federal activities, grantee shall compensate the Federal Agency for its share of the cost

3016.35 Procurement (pages 25-35)

- Use local procurement standards and procedures
- Maintain records supporting selection of contracts
- Use competition for transactions greater than \$25,000
- Federal Agency may review pre-award documents

3016.37 Subgrants (page 36)

- OMB regulations flow down to subgrantees
- Ensure every subgrant contains any clauses required by the Federal Agency
- Subgrantee must sign applicable assurances and certifications

3016.40 Program Performance (pages 37-38)

- Day-to-day activities
 - Grantee monitors
- Performance reports
 - Interim reports are due 30 days after report period
 - Final reports are due 90 days after grant expiration
- Site visits
 - May be made as warranted by program needs

3016.41 Financial Reporting (pages 38-41)

- Financial Status Report, Form SF-269
 - Interim reports are due 30 days after report period
 - Final reports are due 90 days after grant expiration
- Request for Reimbursement, Form SF-270
 - Submit no more frequently than monthly

3016.42 Records Retention (pages 41-43)

- Applicability
 - All financial and programmatic records
 - Supporting documents
 - Other records considered pertinent to grant
- Retention Period
 - 3 years unless any litigation or audit
- Access to Records
 - Federal Government shall have access

3016.43 Enforcement (pages 43-44)

- Remedies for noncompliance with any term of an award
 - Temporarily withhold payments pending correction of the deficiency
 - Disallow all or part of the cost of the activity not in compliance
 - Wholly or partly suspend or terminate the current award
 - Withhold future awards

3016.50 Closeout (page 45)

- Federal Agency will close out the grant when it has been determined that all applicable administrative actions and all required work of the grant has been completed
 - Need final written performance report
 - Need final financial status report (SF-269)
 - Need final request for reimbursement (SF-270)

3016.51 Later Adjustments (pages 45-46)

- Grant closeout does not affect
 - Federal Agency's right to disallow costs and recover funds based on a later audit or review
 - Grantee's obligation to return any funds due
 - Records retention requirements
 - Property management requirements
 - Audit requirements