

**Forest Service Handbook
National Headquarters - Washington Office
Washington, DC**

**Forest Service Handbook 1509.11 – Grants, Cooperative Agreements, and Other Agreements
Handbook
Chapter 20 - Federal Financial Assistance (Grants & Cooperative Agreements)**

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Approved by: Claudette Fernandez, Deputy Chief, Business Operations

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Responsible Staff:

Explanation of changes: Following is an explanation of the changes throughout the directive by section.

21.11 d.: Establishes permanent guidance for Science Ethics Board (SEB) “use of the SEB-102 form for all Science and Technology Grants and Cooperative Agreements” and sets forth direction for the Grants Management Specialist role before they sign the grant or cooperative agreement.

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This chapter prescribes administrative requirements and processes applicable to all Forest Service domestic and international Federal Financial Assistance awards to State and local governments, institutions of higher education, hospitals, private profit and nonprofit organizations, individuals, and foreign recipients. See FSM 1580.35 for direction on deviations from these requirements.

20.1 - Authority

The following Federal laws authorize the Forest Service to provide Federal financial assistance to non-Federal parties (ex. 01) through Grants or Cooperative Agreements. The authorities are listed in order of the assigned Catalog of Federal Domestic Assistance (CFDA) number and the designated deputy area appropriations are shown in a separate column. These authorities are not all-inclusive, but are the primary and most frequently used authorities in the Forest Service. If an authority is not listed, contact the Washington Office, G&A staff for verification that it may be used for Federal financial assistance.

In order to award a Grant or Cooperative Agreement, there must be a specific statute delegated to the Chief of the Forest Service by the Secretary of Agriculture (7 CFR 2.3), which authorizes the Agency to provide Federal financial assistance. The specific Forest Service statute must be separate and apart from the Federal Grants and Cooperative Agreements Act of 1977 (31 U.S.C. 6301-6308, Pub. L. 95-224).

When wording in a statute stipulates that the Forest Service may provide Federal financial assistance, only a Grant or a Cooperative Agreement may be awarded. Further, some statutes authorize only the issuance of Cooperative Agreements. The primary difference between a Grant and Cooperative Agreement is whether Forest Service personnel are substantially involved in the project (see sec. 22.51 of this chapter).

20.1 - Exhibit 01

Common Forest Service CFDA Numbers, Program Titles, Authorities, Staff Areas, Chapter 20 Location, and Treasury Symbol(s)

CFDA#	Program Title	Authority	Staff	Chapter 20 Location	Treasury Symbol
<u>10.652</u>	Forestry Research	Forest and Rangeland Renewable Resources Research Act of 1978, Public Law 95-307, 16 U.S.C. 1643.	R&D	Section 21.11, number 1	12X1104
<u>10.664</u>	Cooperative Forestry Assistance	Cooperative Forestry Assistance Act of 1978, Pub. L. 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, paragraph 1	12X1105 12X1115
<u>10.665</u>	Secure Rural Schools - Resource Advisory Committee (RAC),	Secure Rural Schools and Community Self Determination Act of 2000, Division C, § 601(a), 16. U.S.C. 7101-7153; 16 U.S.C. 500.	NFS	Section 21.13, number 2	12X5896 12X5201
<u>10.666</u>	Schools and Roads – Payments to Counties	Pub. L. 75-210, 7 U.S.C. 1010-1012, Bankhead-Jones Farm Tenant Act.	WO Only	Section 21.15 number 1	12X5896
<u>10.672</u>	Rural Development, Forestry, and Communities	Dept. of the Interior, Environment, and Related Agencies Approp. Act, Pub. L. 106-291. <i>Note: Requires Annual Appropriations direction to implement.</i>	S&PF	Section 21.12, number 3	12X1105

20.1 - Exhibit 01--Continued

Common Forest Service CFDA Numbers, Program Titles, Authorities, Staff Areas, Chapter 20 Location, and Treasury Symbol(s)

CFDA#	Program Title	Authority	Staff	Chapter 20 Location	Treasury Symbol
<u>10.674</u>	Forest Products Lab: Technology Marketing Unit (TMU)	Rural Revitalization Through Forestry, Pub. L. 101-624, § (d) Rural Revitalization Technologies (1990); P.L. 108-148 title II, § 202 (2003); P. L. 110-234, title VII (2008); and P.L. 110-246 title VII (2008).	S&PF	Section 21.12, number 4	12X1105 12X1115
<u>10.675</u>	Urban and Community Forestry Program	Cooperative Forestry Assistance Act of 1978, Pub. L. 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, paragraph 8	12X1105
<u>10.676</u>	Forest Legacy Program	Cooperative Forestry Assistance Act of 1978, Pub. L. 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, paragraph 5	12X5367
<u>10.678</u>	Forest Stewardship Program	Cooperative Forestry Assistance Act of 1978, Pub. L. 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, section b, number 3	12X1105

20.1 - Exhibit 01--Continued

Common Forest Service CFDA Numbers, Program Titles, Authorities, Staff Areas, Chapter 20 Location, and Treasury Symbol(s)

CFDA#	Program Title	Authority	Staff	Chapter 20 Location	Treasury Symbol
10.679	Collaborative Forest Restoration	Secure Rural Schools and Community Self-Determination Act of 2000, Title VI-Community Forest Restoration, Pub. L. 106-393, §605, Establishment of Program.	S&PF, limited to New Mexico	Section 21.12, number 6	12X1115 12X1106 12X5201
<u>10.680</u>	Forest Health Protection	Cooperative Forestry Assistance Act of 1978, Pub. L. 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, section b, number 7	12X1105
<u>10.681</u>	Wood Education and Resource Center (WERC)	Pub. L. 105-277, div. A Section 101(e), Title 3 Section 343, 16 U.S.C 1650.	S&PF	Section 21.12, number 2	12X1105
<u>10.682</u>	National Forest Foundation	National Forest Foundation Act, Pub. L. 101-593-Title IV-Nov. 16, 1990, as amended by Pub. L. 103-106 Oct. 12, 1993. Omnibus Consolidated and Emergency Supplemental Appropriations Act, Public Law 105-277, Title II, Oct. 21, 1998.	Washington Office use only	Section 21.15, number 2	12X1103 12X1104 12X1105 12X1106 12X1115

20.1 - Exhibit 01--Continued

Common Forest Service CFDA Numbers, Program Titles, Authorities, Staff Areas, Chapter 20 Location, and Treasury Symbol(s)

CFDA#	Program Title	Authority	Staff	Chapter 20 Location	Treasury Symbol
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation Establishment Act, Pub. L. 98-244 as amended.	Washington Office use only	Section 21.15, number 3	12X1104 12X1105 12 1106 12 1115
10.684	International Forestry Programs	International Forestry Cooperation Act of 1990, Act of November 4, 1990, Pub. L. 101-513, Title VI; 16 U.S.C. 4501 (note), 4501-4503, 4503a-d, 4504-4505.	IP	Section 21.14, number 1	12X1104 12X1105 12X1106
10.685	Community Wood Energy Program	Public Law 110-246, Food, Conservation, and Energy Act of 2008, Title IX—ENERGY, Section. 9013.	S&PF	Section 21.12, number 5	12X1105
10.689	Community Forest And Open Space Conservation Program	Cooperative Forestry Assistance Act of 1978, Public Law 95-313, 16 U.S.C. 2101 et. Seq., as amended.	S&PF	Section 21.12, number 1, section b, number 6	12X1105

20.1 - Exhibit 01--Continued

Common Forest Service CFDA Numbers, Program Titles, Authorities, Staff Areas, Chapter 20 Location, and Treasury Symbol(s)

CFDA#	Program Title	Authority	Staff	Chapter 20 Location	Treasury Symbol
10.690	Lake Tahoe Erosion Control Program	Lake Tahoe Restoration Act, Public Law 106-506 as amended, P.L. 108-108, Section 337.	NFS, limited use by R&D	Section 21.13, number 1	12X1106 14X5232
10.693	Watershed Restoration & Enhancement	Section 323(a) of the Dept. of Interior and Related Agencies Appropriation Act, 1999, as included in Pub. L. 105-277, Div. A., §101 (e), as amended by Pub. L. 109-54, Sec. 434, and the Omnibus Public Land Management Act, Pub. L. 111-11, §3001	S&PF, limited use of Cooperative Agreements for NFS	Section 21.12 number 8	12X1105 12X1106 12X1115
10.694	Southwest Ecological Restoration Institutes (SWERI).	Southwest Forest Health and Wildfire Prevention Act, Public Law 108-317.	S&PF, limited to Region 3	Section 21.12 number 7	12X1105 12X1115

20.3 - Policy

The Forest Service may provide Federal financial assistance to non-Federal parties through Grants and Cooperative Agreements when specific requirements of statutory authorities are met, appropriate funding for financial assistance is available, and the project involves supporting or stimulating others' activities for the public good. The Forest Service may not award Federal financial assistance without assigning it to a program that has been included in the Catalog of Federal Domestic Assistance (CFDA) unless there are exigent circumstances requiring otherwise, such as timing requirements imposed by the authorizing statute; see section 21.4 of this chapter. All Grants and Cooperative Agreements awarded must cite the authority and the designated CFDA number; see section 21.1 of this chapter.

A Grant or a Cooperative Agreement represents a legally binding agreement between the Forest Service and the recipient. It establishes the basics of: what is to be done, how and by whom, timeframe, how much it is estimated to cost, and any special terms and conditions. The award document establishes rights and responsibilities of the Forest Service and the recipient and serves as a checklist against which the recipient is monitored.

Federal financial assistance shall not be used in place of a contract. The Federal Grants and Cooperative Agreements Act of 1977 (31 U.S.C. 6301-6308, Pub. L. 95-224) states that Grants and Cooperative Agreements must not be used to acquire (by purchase, lease, or barter) property, goods, or services for the direct benefit or use of the Forest Service. Grants and Cooperative Agreements must not be used for the benefit of or to produce a deliverable for the Forest Service. If a project involves a joint accomplishment of work directly benefiting the Forest Service and a non-Federal entity, a contract or a partnership type instrument as outlined in FSH 1509.11, chapter 70 are the preferred methods.

Grants or Cooperative Agreements may be used for but are not limited to the following:

1. Research, when the principal objective is to stimulate or support development of knowledge;
2. Training projects where the recipient selects the trainees, specifies the plan for training, provides the training, and uses funds to support its capacity to provide training;
3. Planning and delivering services at the local, regional, or State level to meet needs identified by the recipient;
4. Congressionally identified projects or programs to support a public purpose;
5. Developing and testing training, prevention, and service delivery models where the detailed approach is developed principally by the recipient to advance the "state of the art," that is, demonstration projects; and

6. Conferences that aim to exchange current information, opinions, or findings in the area of agency program interests for the principal purpose of advancing the field (that is, not for the direct benefit of the Government).

20.5 - Definitions

Allocable cost. A cost is allocable if it is incurred specifically for an award and benefits the activity covered by the award. It is recorded in the approved budget, and is treated consistently with other costs incurred for the same purpose and in like circumstances. The cost is deemed necessary to the overall operation of the organization and for performance of activities identified in the award.

Allowable cost. A cost, as recorded in the approved budget, which meets the criteria for authorized expenditures specific in a cost principle methodology. It is a budgeted cost to an award that the parties intend to charge, and must be:

1. Reasonable for the performance of the award;
2. Necessary and reasonable for proper and efficient performance and administration of the agreement;
3. Consistently treated as either a direct or indirect cost;
4. In accordance with generally accepted accounting principles (GAAP);
5. Net of all applicable credits (that is, less any future rebates from the purchase of goods or services);
6. Separate from a cost or from a cost-sharing/matching requirement of another Federal award or agreement, unless otherwise permitted by Federal law or regulation;
7. Adequately documented;
8. Authorized or not prohibited by Federal, State, or local laws and regulations;
9. Compliant with limits or exclusions on types or amounts of costs, as set forth in relevant Federal laws, agreement terms and conditions, or other governing regulations (examples of such costs include: entertainment, alcohol, and taxes); and,
10. Consistent with the agency and cooperator's internal policies, regulations, and procedures that apply to both Federal awards or agreements and other cooperator activities.

Apportionment. The process by which OMB controls the distribution of funds from the Treasury to the agencies.

Award. Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include Grants and Cooperative Agreements by the Forest Service to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under federal procurement laws and regulations.

Benefit. Refers to the transfer of money, property, services, or anything of value, the principal purpose of which is to accomplish a public purpose of support or stimulation authorized by Federal statute.

Catalog of Federal Domestic Assistance (CFDA). Financial and nonfinancial assistance programs administered by the Federal government are contained in the CFDA (available at www.cfda.gov). As the basic reference source of Federal assistance programs, the primary purpose of the CFDA is to assist users in obtaining general information and in identifying Federal assistance programs that meet specific objectives of potential applicants.

CFDA Number. The number assigned to a Federal program in current edition of the CFDA.

Cooperative Agreement. An instrument awarded by the Forest Service to transfer money, to the applicant in order to accomplish public support or stimulation. Cooperative Agreements are the same as Grants, except that Forest Service personnel, or their representatives, shall have substantial involvement in carrying out the activities specified in the agreement. The Forest Service should limit the amount of Federal involvement to the minimum consistent with program requirements.

Deliverables. Refers to quantifiable goods or services that are provided on the completion of a project. Note: If it's anticipated that a project will result in deliverables to the Forest Service, a contract or procurement is the proper tool.

Equipment. Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. The acquisition cost is the net invoice unit price, including the cost of modifications, attachments, or accessories necessary to make the equipment useable for the project for which it is acquired. Other ancillary charges such as transportation, installation, taxes, etc., shall be included or excluded from the acquisition cost in accordance with the grantee's regular practice.

Federal Agency. Any agency as defined by 5 U.S.C. 551(1).

Federal Domestic Assistance Program. Any function of a Federal agency that provides assistance or benefits for a State or States, territorial possession, county, city, other political subdivision, grouping, or instrumentality thereof; any domestic profit or nonprofit corporation, institution, or individual, other than an agency of the Federal Government. In practice, a Federal domestic assistance program may be called a program, an activity, a service, a project, a process, or some other name, regardless of whether it is identified as a separate program by statute or regulation. It is identified in terms of its legal authority, administering office, funding, purpose, benefits, and beneficiaries.

Grant. An instrument awarded by the Forest Service to transfer money to the applicant in order to accomplish public support or stimulation. Grants are the same as Cooperative Agreements, except that Forest Service personnel, or their representatives, shall have no substantial involvement with the recipient during the performance of the agreement. The recipient performs the project or activity without Forest Service collaboration or participation.

Institutions of Higher Education (IHE). Definition can be found at 20 U.S.C. 1001.

Internal Controls. A process, implemented by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations;
2. Reliability of financial reporting; and
3. Compliance with applicable laws and regulations.

Local Government. Refers to any unit of government within a state, including a: County; Borough; Municipality; City; Town; Township; Parish; Local public authority, including any public housing agency under the United States Housing Act of 1937; Special district; School district; Intrastate district; Council of governments, whether or not incorporated as a nonprofit corporation under state law; and any other agency or instrumentality of a multi, regional, or intra-state or local government.

Nonprofit Organization. Refers to any corporation, trust, association, cooperative, or other organization, not including Institutions of Higher Education, that:

1. Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
2. Is not organized primarily for profit; and

3. Uses net proceeds to maintain, improve, or expand the operations of the organization.

Pass-through Entity. A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Period of Performance. The time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award.

Program Guidelines. Refers to guidance provided by the Deputy Area responsible for the grant program detailing how the program is implemented. Program Guidelines typically have a statutory basis and provide a description of the “issues” and “goals” the legislation seeks to address and accomplish.

Public Purpose. A governmental action or direction that is for the benefit of the public as a whole and not for the benefit of the federal government.

Reasonable cost. A cost, as recorded in the budget, associated with an award, which, in its nature and amount, does not exceed an amount that a prudent person would incur, under the circumstances prevailing at the time the decision was made. Other factors to consider are:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the entity’s operation or agreement performance;
2. The restraints or requirements imposed by Federal and State laws and regulations; the terms and conditions of the agreement; arms-length bargaining; and factors such as generally accepted, sound, business practices;
3. Market prices or industry standard costs for similar goods and services;
4. Whether individuals concerned acted with prudence under the circumstances, considering their responsibilities to the entity; its members, employees, and clients; the public; and the government; and
5. Significant deviations from established practices of the governmental entity that might unjustifiably increase costs charged to the agreement.

Recipient. A non-Federal entity that receives an award directly from a Federal awarding agency to carry out an activity under a Federal program. This does not include sub-recipients.

Research Cooperative Agreement. Research Cooperative Agreements are commonly referred to as extramural research Cooperative Agreements and must be consistent with ongoing Forest Service research programs. The term extramural, while widely used

in research, does not imply a separate and distinct type of Cooperative Agreement, it simply means “external to the Forest Service.”

State. Refers to any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any agency or instrumentality thereof exclusive of local governments.

Sub-award. An award provided by a pass-through entity to a sub-recipient for the sub-recipient to carry out part of a program for which the pass-through entity received Federal support. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A sub-award may be provided through any form of legal agreement, including an agreement that the pass-through entity calls a contract.

Sub-recipient. A sub-recipient is a non-Federal entity that receives a sub-award from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Supplies. All tangible personal property other than equipment including computing devices with acquisition costs less than \$5,000 (or less than the acquiring entity’s capitalization threshold if that threshold is less than \$5,000). Computing devices are defined as machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.

Termination. Refers to the cancellation of a Federal award, in whole or in part at any time prior to the planned end of period of performance.

Treasury Symbol or Treasury Account Symbol. The term “Treasury Account Symbol” (TAS) is a generic term used to describe any one of the account identification codes assigned by Treasury. Treasury Appropriations Fund Symbol (TAFS) is used to describe a particular type of TAS - one with budget authority. The terms TAS and TAFS are sometimes used synonymously. For complete listing and further explanation, refer to the Treasury’s TAFS website at: <http://www.fms.treas.gov/fastbook/index.html>.

21 - Authorities and Regulations Guiding Federal Financial Assistance

This section provides detailed description of the primary and most frequently used authorities in the Forest Service, provides guidance on using appropriate funding, and choosing between Grants and Cooperative Agreements, when applicable. The authority, funding, and instrument type must all align before awarding Federal Financial Assistance. Sections 21.11 through 21.15 outline the use for each authority, and describe general requirements, type of work, and form

of agreement. Section 21.3 provides guidance on using appropriate funding. See section, 22.51 for the difference of Grants and Cooperative Agreements and choosing between them.

21.1 - Authorities

The following statutory authorities are in summarized form. Full text versions are available directly from United States Code websites or from the compendium, Principal Laws Relating to Forest Service Activities.

21.11 - Research Authorities

1. Forest and Rangeland Renewable Resources Research Act of 1978. Public Law 95-307, 16 U.S.C. 1641-1643. CFDA 10.652. See FSM 1580.13 and FSM 4084 for Statutory Authority.

a. General Requirements.

(1) The Forest Service is authorized by this Act to implement a comprehensive program of forest and rangeland renewable resources research and dissemination of the findings of such research.

(2) The Act authorizes the Forest Service to expand research activities to encompass international forestry and natural resource issues on a global scale.

(3) The Forest Service is authorized to issue Grants and Cooperative Agreements on a competitive basis to any entity or individual (Section 5 of the Act).

(4) There are no matching requirements applicable to Grants. The minimum matching contribution for Cooperative Agreements must constitute at least 20 percent of the estimated total cost of the project.

b. Type of Work. The following are examples of work permissible under Section 3 of the Act: renewable resource management, environmental, utilization, protection, and assessment research. This includes research on trees and timber management, forest watershed management and rehabilitation, wildlife, range, fish habitat, forest recreation, forest products and harvesting, forest and atmospheric sciences, forest insects and diseases, forest inventory and analysis, and renewable resources and economics.

c. Form of Agreement. See section 29 for a sample Grant (section 29.1) or Cooperative Agreement (section 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office, G&A website for this authority.

d. SEB-102 form. The Forest Service Program Manager shall complete an SEB-102 and submit to the Grants Management Specialist for the official file. The Grants

Management Specialist cannot process the grant application as required by FSM 1580 section 1580.41f, paragraph 2, until they have this form.

21.12 - State and Private Forestry Authorities

1. Cooperative Forestry Assistance Act of 1978, as Amended. In general the CFDA is 10.664, however most of the programs within the Cooperative Forestry Assistance Act have a separate CFDA number for use with a program specific award. See FSM 1580.14 for Statutory Authority. This Act authorizes the Forest Service to provide cooperative forestry assistance to States and others on non-Federal forest lands.

a. Consolidated Payments Grants. The Forest Service has the authority to award grants to State Forestry agencies, or their equivalent, encompassing selected programs authorized by the Cooperative Forestry Assistance Act. The Forest Service may consolidate payments for those covered programs at the request of any State, provided the State has an approved State forest resource program. The State Forester and the Forest Service must ensure that the use of consolidated payments does not adversely affect or eliminate any program authorized under the Act.

Requirements for consolidated payments:

(1) Applications for consolidated payments grants must include an SF-424A, Budget Information - Non-Construction Programs form, displaying each separate program by funding elements. A narrative describing the tasks to be performed under each specific program must also be included with the application.

(2) Execution of a consolidated payments grant does not preclude any Forest Service requirement for program management approval of project or budget changes. For example, if tasks identified under specific programs in the grant will not be accomplished, after consulting with the Program Manager, the State should adjust the narrative and budgets accordingly prior to the change. In all cases, ensure that States account for expenditures for each program, following direction in the OMB Circular.

(3) The matching requirement for consolidated payments grants is 50:50. The match is calculated over the total grant award, not on a program by program basis. Consolidated payments grants may include any of the programs within the scope of Cooperative Forestry Assistance Act except where a statute or the Chief has established a different matching requirement, that is, where the Forest Service share is greater than 50 percent of the cost of the activities. An exception to the 50:50 match requires the issuance of a separate instrument.

(4) Grants approving the use of consolidated payments must not include any appropriated funds under the Forest Legacy Program, Section 7 of the Cooperative Forestry Assistance Act. The Forest Legacy Program requires the issuance of a

separate instrument because the matching requirement is different from those specified for the use of consolidated payments.

(5) Funding for Forest Health may be included in the consolidated payments grant unless the funding is for special projects that require a match other than 50:50, or require a specific match of partner forest health funds dedicated for the proposed project; for example the Special Technology Development Program (STDP) or FSPIAP programs (see FSM 3432.1 and FSH 6509.11g, 22.2).

(6) Ensure that payments are matched on a fiscal year basis. Each interim request for payment does not have to have a 50:50 match, but the match must be achieved on a fiscal year basis and should be displayed on the SF-425 Financial Report.

b. General requirements for each program under the Cooperative Forestry Assistance Act. Some of the following programs have a specific CFDA assigned for use with standalone Grants or Cooperative Agreements.

(1) Rural Forestry Assistance (Section 3). Cooperation may include: assisting with identifying, protecting, maintaining, enhancing, restoring, and preserving forest lands, and wildlife and fish species; implementing forest management technologies and alternative forest crops; and protecting forest land from damage caused by fire and weather, conversion to alternative uses, resource management, reforestation needs, and the development of genetically improved tree seeds, field arboretums, greenhouses, and tree nurseries.

(2) Forest Land Enhancement Program (Section 4). RESERVED.

(3) Forest Stewardship Program (Section 5). CFDA 10.678. Activities authorized for the Forest Stewardship Program are for the most part, related to the delivery of information and professional technical assistance, (including the development of multi-resource Forest Stewardship plans), through State Foresters, to eligible private and non-federal forest landowners. Guidance for the delivery of planning and technical assistance is provided by the **Forest Stewardship Program National Standards and Guidelines** and by the Forest Service Manual, chapters 3210 and 3250. Activities authorized also include:

(a) Assisting landowners to implement forest management activities, including use of existing cost share programs where appropriate.

(b) Educating landowners about forest management practices and issues.

(c) Coordinating with partners to improve program delivery, including regularly convening a State Forest Stewardship Coordinating Committee.

(d) Providing recognition to exemplary Forest Stewardship landowners.

- (e) Training state and partner staffs on topics relevant to program delivery.
- (f) Monitoring and reporting program implementation and effectiveness.

(4) Watershed Forestry Assistance Program (Section 6). RESERVED.

(5) Forest Legacy Program (Section 7). CFDA 10.676. Cooperation includes, in consultation with State, regional, and other units of government, ascertaining and protecting environmentally important forest areas that are threatened by conversion to non-forest uses. The Forest Service, under the Federal option, may acquire lands and interests therein from willing landowners for the purposes of the Act. The States and other units of government, under the State grant option, may acquire lands and interests therein from willing landowners for the purposes of the Act. In order to receive payment under the Forest Legacy Program, the Federal appraisal and acquisition standards and procedures must be followed. The program is subject to the following:

- (a) The Grant recipient must ensure that all acquisitions conducted under this grant meet the conservation objectives and goals found in the authorization of the Forest Legacy Program (16 U.S.C. 2103c) and the Forest Legacy Implementation Guidelines.
- (b) An approved State Forest Resource Assessment and Strategy (Forest Action Plan) and associated Forest Legacy Program Assessment of Need is required which documents the need for a Forest Legacy Program, delineates the boundaries of forest areas meeting the eligibility requirements for designation as Forest Legacy Areas, recommends areas to the Forest Service for inclusion in the Forest Legacy Program, and guides how the State lead agency will operate the Forest Legacy Program in the State.
- (c) Cost-sharing is required. The maximum Forest Legacy federal contribution is 75 percent of the total project costs, including those associated with program administration and property acquisition. Non-federal cost share may include cash, donation of land or interest in land, or in-kind services and is to be documented on an individual grant basis.
- (d) Indirect costs may not be applied to an acquisition grant. They may be included in an administration grant.
- (e) Forest Legacy administration grants will be non-construction grants (forms SF424a and SF424b) and acquisition grants will be construction grants (forms SF424c and SF424d).
- (f) Advance payments for acquisitions are allowable up to 30 days prior to the acquisition closing date.

(g) The landowner shall manage property in a manner consistent with the purposes for which it was included in the Forest Legacy Program and shall not convert the property to other uses.

(h) Third party payments may be made for a Forest Legacy Acquisition grant. This is the only situation where third party payments are allowed and then only under very specific conditions. The only allowable third party payees are the title company or Attorney managing the acquisition/sale. The preference is to work with a title company, but an Attorney may be the third party in the absence of the title company. Funds may not be directed to another State agency, organization or directly to a landowner. The third party payments process is as follows:

(i) The grant will be awarded to the State Lead Agency.

(ii) The State must formally request that payment be made to the Title Company or Attorney on their behalf. This must be in writing and signed by the State Lead Agency signatory. An email request is not acceptable.

(iii) The title company or Attorney must be registered in SAM (System for Award Management) at www.sam.gov, and provide their DUNS and EIN.

(iv) The Forest Service will draft a modification to the grant showing the Title Company or Attorney as an alternate payee. The request letter from the State Lead Agency will be attached as documentation. Both the State and Forest Service will sign the modification. It will then be entered into the NRM system.

The title company or Attorney will be entered into the NRM system record as a Cooperator and marked as a payee, and the State will be “un-marked” as payee. This will generate an Alt-Payee request through the financial system. The G&A Specialist may need to request a FMMI vendor code if there is not one already established.

For units using the HHS-PMS, the title company or Attorney will be set up as the payee.

(v) No sooner than 30 days prior to closing on the purchase, the State Lead Agency will submit an SF-270, or HHS-PMS payment request. The SF-270 will show the State as the award recipient in block 9 and the title company or Attorney as the payee in block 10. The request for payment will be signed by the State.

(vi) The State Lead Agency is responsible for all financial and program reporting, as well as any audit. There is no grantee/grantor relationship between the title company and the Forest Service.

(6) Community Forest and Open Space Conservation Program (Community Forest Program) (Section 7A). CFDA 10.689. The Forest Service is authorized to provide financial assistance grants to local governments, Indian tribes and qualified non-profit organizations for the purpose of establishing community forests that provide community benefits. Grant funds are used to acquire and protect the private forestlands of willing landowners for the purposes of the Act. The program is subject to the following:

(a) The grant recipient must ensure that all acquisitions conducted under this grant meets the program objectives and goals of the Community Forest Program, which can be found in the Community Forest Program regulations (36 CFR Part 230, Subpart A).

(b) Cost sharing is required for acquisition grants. The maximum Community Forest Program contribution is 50 percent of the total project property acquisition costs. Non-federal cost share may include cash, donation of land or in-kind services. Cost sharing is not required for technical assistance grants.

(c) Community Forest technical assistance grants will be non-construction grants (forms SF424a and SF424b) and acquisition grants will be construction grants (forms SF424c and SF424d).

(d) Advance payments for acquisitions are allowable up to 30 days prior to the acquisition closing date. Following the completion of the acquisition and community forest plan any advance balance must be returned to the Forest Service and all remaining funds must be de-obligated.

(e) If negotiations on a selected project fail, the grant recipient cannot substitute an alternative site and the acquisition funds and remaining technical assistance funds will be de-obligated.

(f) The grant recipient shall manage property in a manner consistent with the purposes for which it was included in the Community Forest Program as guided by the required Community Forest Plan and shall not convert the property to other uses.

(7) Forest Health Protection (Section 8). CFDA 10.680. Cooperation includes protecting trees, forests, and wood products on non-Federal lands from the damaging effects of natural and man-made causes, subject to the following:

(a) Consent from the landowner must be obtained prior to conducting operations to prevent, retard, control, or suppress insects or diseases affecting forests or trees.

(b) Cost-sharing is required with participating entities. Cost share is based on the program and is found in FSM 3431.22 and 3432.1. Matching requirements are also described in the CFDA.

(c) No amounts appropriated may be used to either pay the cost of felling and removing dead or dying trees unless the Secretary determines that such actions are necessary to prevent the spread of a major insect infestation or disease epidemic severely affecting trees, or compensate for the value of any property injured, damaged, or destroyed by any cause.

(d) Materials and equipment necessary to prevent, retard, control, or suppress insects and diseases affecting trees may be procured without regard to Title 41, U.S.C., Section 5, under whatever procedures the Secretary may prescribe, if the Secretary determines that such action is necessary and in the public interest.

(8) Urban and Community Forestry Assistance (Section 9). CFDA 10.675. The Urban and Community Forestry program includes the following elements that encourage cooperative efforts to plan urban forestry programs:

(a) Encourage urban and community natural resource planning, assessments, management, maintenance, and tree planting and care activities including education, technical and financial assistance and technology transfer.

(b) Plant, protect, and maintain, and utilize wood from, trees in open spaces, greenbelts, roadside screens, parks, woodlands, curb areas, and residential developments in urban areas.

(c) Cost-sharing is required with participating entities. The maximum Forest Service share is 50 percent of the cost of the activity.

(d) Provide financial, technical, and related assistance to State foresters or equivalent State officials, for program delivery and development. States provide technical assistance and may subgrant to other agencies and individuals with a 50:50 match requirement.

(e) Program of Education and Technical Assistance - in cooperation with State foresters and State extension Directors or equivalent State officials and interested members of the public, are to implement a program of education and technical assistance for urban and community forestry resources.

(f) Procurement of Plant Materials - in cooperation with State foresters and State extension Directors or equivalent State officials, assist in identifying sources of plant materials and may procure or otherwise obtain such plant materials from public or private sources and may make such plant materials available to urban areas and communities for the purpose of reforesting open spaces, replacing dead and dying

urban trees, promoting energy conservation, and providing other environmental benefits through expanding tree cover in urban areas and communities.

(g) The National Urban and Community Forestry Challenge Cost Share Grant program is competitive and requires applicants to submit proposals to Grants.gov. Annual grant categories are established by the National Urban and Community Forestry Advisory Council Section 9(g)(1)(c) www.fs.fed.us/ucf/nucfac. Secretary approval on final proposal selections is required, Section 9 (f)(1).

(9) Rural Fire Prevention and Control (Section 10). Cooperation includes developing systems and methods for the prevention, control, suppression, and prescribed use of fires on non-Federal lands and to organize, train, and equip local firefighting forces. Cost-sharing is required with participating entities. The maximum Forest Service share is 50 percent of the cost of the activity. Further, the Secretary is authorized to:

(a) Cooperate with State foresters or equivalent State officials in developing systems and methods for the prevention, control, suppression, and prescribed use of fires on rural lands and in rural communities that will protect human lives, agricultural crops and livestock, property and other improvements, and natural resources;

(b) Provide financial, technical, and related assistance to State Foresters or equivalent State officials, and through them to other agencies and individuals, for the prevention, control, suppression, and prescribed use of fires on non-Federal forest lands and other non-Federal lands;

(c) Provide financial, technical, and related assistance to State Foresters or equivalent State officials in cooperative efforts to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas. As used herein, the term “rural areas” shall have the meaning set out in the first clause of section Title 7, United States Code, section 1926 (a)(7) [1]; and

(d) Provide financial, technical, and related assistance to State foresters or equivalent State officials and through them to other agencies and individuals, including rural volunteer fire departments, to conduct preparedness and mobilization activities, including training, equipping, and otherwise enabling State and local firefighting agencies to respond to requests for fire suppression assistance.

(10) Financial, Technical, and Related Assistance to States (Section 11). To aid in the achieving maximum effectiveness in the programs and activities conducted under the Cooperative Forestry Assistance Act, the Forest Service is authorized to provide financial technical, and related assistance to State foresters or equivalent State

officials for the development of stronger and more efficient State organizations that will enable them to fulfill their responsibilities for the protection and management of non-Federal forest lands. Assistance includes: a) organization management, program planning and management, budget and fiscal accounting services, personnel training and management, information services; b) assembly, analysis, display and reporting of State forest resources data, training of planners and participating in planning at the State and Federal levels; and c) technology implementation by applying research results, studying the effects of tax laws on forest management, developing and maintaining technical information systems, training State forestry personnel and other activities in cooperation with State foresters or equivalent State officials.

2. Wood Education and Resource Center (WERC). Public Law 105-277, div. A Section 101(e), Title 3 Section 343, 16 U.S.C 1650. CFDA is 10.681.

a. General Requirements. The purpose of WERC is to foster interaction and information exchange with the forest products industry to enhance opportunities for sustained forest products production in the eastern hardwood forest region of the United States. A key activity includes providing funds, on a cost share basis (50 percent of project costs), that: improves the knowledge, skills, and capacity of the forest industry management and workforce; increases communication, cooperation, and collaborative problem solving within the forest products industry; improves efficiency in forest product manufacturing and wood utilization; and promotes the sustainable utilization of woody biomass for energy and value-added products.

(1) Eligible Entities. Eligible organizations include nonprofits, State and local governmental agencies, institutions of higher education, tribes and for-profit organizations. Requests for applications are announced on www.grants.gov and the WERC website <http://www.na.fs.fed.us/werc/grants.shtm>.

WERC mainly serves the primary and secondary hardwood manufacturing industries located in the 35 states of the eastern hardwood forest region including: AL, AR, CT, DE, FL, GA, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, NE, NH, NJ, NY, NC, OH, OK, PA, RI, SC, TN, TX, VT, VA, WV, WI.

b. Type of Work. Following are examples of work permissible under the Act:

(1) A grant to a nonprofit focused on developing economical removal options and utilization of urban trees needing to be removed due to insect and disease infestations;

(2) A grant with an institution of higher education to assist in the development and implementation of new Phytosanitation treatment procedures for sanitizing wood packaging materials used in transporting goods throughout the world; and

(3) A grant to a woodworking training organization for developing national skill standards for working tools and equipment used to improve and document employee skills and abilities.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office G&A website for this authority.

3. Rural Development, Forestry, and Communities Program Rural Development. Department of the Interior, Environment, and Related Agencies Appropriations Act, Public Law 106-291. CFDA is 10.672. (RESERVED).

4. Forest Products Lab: Technology Marketing Unit (TMU) Program. Rural Revitalization Through Forestry, Public Law 101-624, Section (d) Rural Revitalization Technologies (1990); P.L. 108-148 title II, Section 202 (2003); P. L. 110- 234, title VII (2008); and P.L. 110-246 title VII (2008). CFDA is 10.674. (RESERVED).

5. Community Wood Energy Program. Section 9013 of the Farm Bill, Public Law 110-246. CFDA is 10.685. This program provides grants or assistance to develop community wood energy plans and provides competitive grants to acquire, upgrade, or demonstrate community wood energy systems, primarily in public facilities, but other facilities can be incorporated as well. Community wood energy systems include single facility heating systems, district energy systems, combined heat and power systems and other related wood energy systems. Funds are available 2013 through 2017.

a. General Requirements.

(1) Eligible Entities. State, Tribal and local governments (or their designees) may receive grants to develop community wood energy plans. State, Tribal and local governments may compete for grants to acquire or upgrade community wood energy systems.

(2) Funding. Awards of up to \$50,000 for community wood energy plans or systems. Technical, financial and community awareness assistance will be provided to encourage clusters of installations and conversions, to make the efforts more cost effective.

(3) Selection criteria. When selecting applicants for grants, the Forest Service shall consider the energy efficiency of the proposed system, the cost effectiveness of the proposed system, and other conservation and environmental criteria.

(4) Matching or Cost-Share. There is a minimum of a one-to-one dollar matching requirement (from non-Federal funds).

b. Type of Work. The work will focus on providing three forms of assistance to communities to facilitate the development of wood energy systems by overcoming barriers that experience of the past 10 years has identified. Communities need to demonstrate commitment to developing systems through local political, business and community leader's support.

(1) Technical Assistance. Includes items such as:

(a) Wood supply - amount available, sources (landownership, urban wood, forest management, manufacturing residues), producers/suppliers, types of fuel (chips, pellets, ground, chunkwood).

(b) Combustion system options and decision criteria.

(c) Preliminary engineering assessments including estimates of fuel costs and savings, alternative system configurations, the pros and cons of each, etc.

(2) Financial Assistance. Includes items such as:

(a) Public financing options including grants and low interest loans.

(b) Private financing options including municipal leases, private equity, conventional loans, etc.

(c) Alternative or emerging financing tools such as carbon offset markets, etc.

(d) The assistance can also be in the form of a grant to a community or designee to accomplish other types of community wood energy development, such as the development of a cooperative to facilitate bulk storage and delivery systems to serve clusters of facilities.

(3) Community Education/Information Dissemination Considerations.

(a) Air emissions

(b) Sustainable forest management

(c) Local economic

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office, G&A Web site for this authority.

6. Collaborative Forest Restoration Act. Public Law 106-393. See FSM 1580.14 for Statutory Authority. CFDA is 10.679. Use is limited to New Mexico.

a. General Requirements.

(1) Eligible entities. Local and tribal governments, educational institutions, landowners, conservation organizations, and other interested public and private entities.

(2) Grants are awarded to promote healthy watersheds and reduce the threat of large, high intensity wildfires, insect infestation and disease in the forests in New Mexico; improve communication and joint problem solving among individuals and groups who are interested in restoring the diversity and productivity of forest watersheds in New Mexico; improve the use of, or add value to, small diameter trees; and encourage sustainable communities and sustainable forests through collaborative partnerships, whose objectives are forest restoration.

(3) The Collaborative Forest Restoration Program Technical Advisory Panel, chartered under the Federal Advisory Committee Act, evaluates proposals and provides recommendations to the Forest Service to transmit to the Secretary of Agriculture. The Secretary selects proposals from those recommended for final award.

(4) The Federal share of an individual project shall not exceed 80 percent of the total cost. Projects may not exceed a total annual cost of \$150,000, nor exceed a total cost of \$450,000, with the Federal portion of the total cost not exceeding \$360,000.

(5) Projects may not exceed 4 years in length.

(6) The projects may be entirely on, or in any combination of, Federal, tribal, State, county, or municipal forest lands, within the State of New Mexico.

b. Type of Work. The following are examples of work permissible under the Act.

(1) The grantee will conduct restoration treatments to reduce stocking levels on 300 acres of ponderosa pine and mixed conifer forests on National Forest System lands. The treatments will produce approximately 170 cords of firewood and 109 MBF of wood products. Harvested material will be sorted as lumber, vigas, latillas, and firewood to maximize value. The project involves collaboration between the Forest Service, colleges and universities, private industry, New Mexico State forestry, a soil and water conservation district; and a rural community development organization.

(2) The grantee, in partnership with a Forest Service Ranger District and the State Land Office, will complete National Environmental Policy Act (NEPA) analysis for a 17,033 acre planning area surrounding a mountain community in portions of two

counties. A ski area, located within the planning area, has been identified by the Forest Service as a high priority area for treatment to reduce fuel loading and mitigate future wildfires. The project will leverage funds already expended by the Forest Service for cultural resource surveys, Common Stand Exams, Mexican Spotted Owl, and Northern Goshawk surveys. The grantee will use qualified Biologists, Foresters and Archaeologists to complete cultural resource, avian and stand exam surveys in support of the NEPA compliance process. A non-governmental Youth Leadership organization will train youth crews from surrounding communities in environmental stewardship. The project involves collaboration between the Forest Service, the NM State Land Office and Forestry Division; a ski area; a youth leadership organization; and private consultants.

(3) The grantee will purchase a rubber tired horizontal grinder which will increase the number of acres of restoration treatments the business can complete per year by 50%. The grinder will also help meet the increasing demand for ground wood biomass chips for use in the wood-biomass heating system at the Community College, playground safety surfacing, animal bedding, and landscape mulch. The project involves collaboration between the Forest Service, colleges and universities; a local school, two soil & water conservation districts; a conservation organization; and forest industry.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office, G&A website for this authority.

7. Southwest Ecological Restoration Institutes (SWERI). Southwest Forest Health and Wildfire Prevention Act, Public Law 108-317. CFDA is 10.694. Use is limited to Southwest Region (Region 3).

a. General Requirements.

(1) Eligible entities. Ecological Restoration Institute at Northern Arizona University, New Mexico Forest and Watershed Restoration Institute at New Mexico Highlands University, and Colorado Forest Restoration Institute at Colorado State University.

(2) Non-competitive grants are awarded to enhance the capacity to develop, transfer, apply, monitor, and regularly update practical science-based forest restoration treatments that will reduce the risk of severe wildfires, and improve the health of dry forest and woodland ecosystems in the interior West; synthesize and adapt scientific findings from conventional research programs to the implementation of forest and woodland restoration on a landscape scale; facilitate the transfer of interdisciplinary knowledge required to understand the socioeconomic and environmental impacts of wildfire on ecosystems and landscapes; collaborate with Federal agencies to use ecological restoration and

wildfire treatments; assist land managers in restoration-based applications and new management technologies; provide technical assistance to collaborative efforts by affected entities; and assist Federal and non-Federal land managers in providing information to the public on the role of fire and fire management.

(3) The Forest Service, in consultation with DOI and the Arizona, Colorado, and New Mexico State Foresters, reviews annual SWERI work plans prior to approving federal funding for the institutes.

b. Type of Work. The following are examples of work permissible under the Act: Organizing and facilitating field visits and workshops on desired conditions in Ponderosa Pine and mixed conifer forests for public land Managers and key stakeholders; providing technical assistance in science and monitoring to the steering committees and working groups for Collaborative Forest Landscape Restoration Projects (CFLRP); providing systematic reviews summarizing and analyzing published literature; analyzing biophysical and socio-economic monitoring data; monitoring wildlife responses to restoration treatments in CFLRP Analysis Areas; assessing the effectiveness of wildfire hazard reduction treatments; providing workshops and reports to build collaborate capacity; providing workshops and reports to support monitoring changes in watershed conditions; developing a geographic information system database, workshops, and reports that support post-bark beetle adaptive forest management.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office, G&A website for this authority. In addition, Cost-Reimbursable or Challenge Cost Share Agreements may also be used under this authority. See Chapter 70 for additional direction on the use of those instruments.

8. Wyden Amendment. Public Law 105-277, section 323, as amended by Public Law 109-54, and permanently authorized by Public Law 111-11, section 3001. CFDA is 10.693. See FSM 1580.14 and 1580.16.

a. General Requirements.

(1) The purpose of the Wyden Amendment is to provide for the protection, restoration and enhancement of fish and wildlife habitat, and other resources on public or private land, and the reduction of risk from natural disaster where public safety is threatened, or a combination thereof or both that benefit these resources within the watershed.

(2) Cooperative agreements may require terms and other conditions to protect the public investment on non-Federal lands as agreed upon by the Forest Service and the landowner.

(3) Use of Federal financial assistance instruments under the Wyden amendment by NFS is limited to Cooperative Agreements only.

(4) Eligible Applicants. States, local or tribal governments, private and nonprofit entities, and private landowners.

(5) This program has no statutory matching requirement, however the authorizing legislation states that the instrument shall provide for the sharing of costs of implementing the agreement among the Federal Government, the landowner(s), and other entities, as mutually agreed.

b. Type of Work. The following are examples of work accomplished under the act: stream restoration, mining reclamation and mitigation, roadside noxious weed treatment, and hazardous fuel reduction projects.

c. Form of Agreement. See section 29 for a sample Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office, G&A Web site for this authority.

21.13 - National Forest Systems Authorities

1. Lake Tahoe Erosion Control Program. Lake Tahoe Restoration Act, Public Law 106-506, as amended Public Law 108-108, Section 337. See FSM 1580.14. CFDA is 10.690.

a. General Requirements.

(1) The purpose of the Lake Tahoe Restoration Act is to provide the mechanism to make annual payments to the governing bodies of each of the political subdivisions located in the Lake Tahoe Basin for erosion control and water quality projects.

(2) The goal of the program is to provide Federal assistance to address urban storm water runoff pollution, the primary source of pollutants affecting the clarity of Lake Tahoe. This program addresses urban runoff from public roads and right of ways.

(3) Eligible Applicants. Local governing bodies of political subdivisions in the Lake Tahoe basin, including counties, cities, conservation districts, public utility districts, and general improvement districts.

(4) Project grants require that a one to one match be provided from the local and/or state governments of California and Nevada. Utility relocations associated with projects only require 2:1 matching funds.

(5) Research Projects. The authority also funds a competitive grant award program for research projects high in technical merit and relevant to land management and regulatory agencies working in the Tahoe Basin. The goal of the program is to

promote applied, timely, relevant research that addresses natural resource management needs in the basin. Research funded through this program should address key management questions, include input from agencies, produce decision-support tools that are useful and accessible, foster collaboration and communication, build on previous research, and ultimately address the science needs identified in the Lake Tahoe Environmental Improvement Program.

The environmental goals of the Lake Tahoe Environmental Improvement Program are defined using thresholds that were established to protect the natural environment and maintain public health and safety within the basin. The threshold categories are: water quality, wildlife, soil conservation, scenic resources, air quality, recreation, vegetation, noise, and fisheries.

Eligible applicants for competitive research awards include State Agricultural Experiment Stations, universities and colleges, State and local governments, U.S. Territories, nonprofit research institutions or organizations, international organizations, individuals, and for-profit organizations.

For competitive research awards, as authorized by Public Law 106–506 section 6(b) and 6(d), the applicant's contribution is negotiated for grants. The minimum matching contribution for Cooperative Agreements must constitute at least 20 percent of the estimated total cost of the project. Salaries of academic personnel for periods when they receive salary for teaching should not be included for payment from grant funds, but may be included in the recipients match.

b. Type of Work. The following are examples of work accomplished under the act: planning, design, and construction of a variety of projects to reduce sources of erosion, and convey and treat urban runoff within public right of ways, prior to discharge into Lake Tahoe; stream environment zone and stream channel restoration projects within urban area boundaries; and monitoring the urban stormwater treatment Best Management Practices (BMP) implemented in these projects.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1). Follow the direction described in chapter 10 of this handbook and use the Grant template available on the Washington Office G&A website for this authority.

2. Secure Rural Schools - Resource Advisory Committee (RAC). Title II of the Secure Rural Schools and Community Self-Determination Act of 2000, Public Law 106-393, as reauthorized and amended by Section 100101 of Public Law 112-141. See FSM 1580.16. CFDA is 10.665.

a. General Requirements.

(1) The purpose of Title II of the Secure Rural Schools and Community Self-Determination Act of 2000 – Special Projects on Federal Land is to create and make a

greater investment in additional employment opportunities through projects that improve the maintenance of existing infrastructure, implement stewardship objectives that enhance forest ecosystems, and restore and improve land health and water quality.

(2) The Secure Rural Schools Act authorizes the use of a Resource Advisory Committee (RAC) as the mechanism for local community collaboration with Federal land managers in recommending Title II projects for funding.

(3) Eligible Applicants. States, local governments, private and nonprofit entities, landowners, and other persons may be selected to carry out an approved RAC project.

(4) This program has no statutory matching requirement for financial assistance. It should be noted however, that review and recommendation of projects for funding by the RAC is a competitive process and those projects with substantial matching funds may rank higher than those without.

b. Type of Work. The following are examples of work accomplished under the act: road decommissioning, stream and watershed restoration, campground enhancement, noxious weed management, and native species reestablishment for the benefit of nearby or adjacent NFS lands.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.2). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office G&A website for this authority.

21.14 - International Program Authority

1. International Forestry Programs. International Forestry Cooperation Act of 1990. See FSM 1580.15. CFDA is 10.684. Activities under the Act focus on natural resource management practices and concerns in key countries.

a. General Requirements.

(1) Use of Forest Service Personnel. Forest Service personnel may be used without reimbursement.

(2) Technical and Financial Assistance, Equipment, and Facilities. Technical and financial assistance, equipment, and facilities may be provided without reimbursement to international organizations having a substantial impact on natural resource management practices.

(3) Matching or Cost-Share. Matching contributions are not required by law; however, if program requests a cost-sharing or a matching requirement, then the recipient shall not use another U.S. Federal Grant for the match, except as provided by U.S. Federal statute. Additionally, if the cooperator's funds are counted towards satisfying another Federal grant, procurement, or any other award, then the recipient may not use the value of these contributions to satisfy cost-sharing/matching requirement under this chapter.

(4) State Department Approval. State Department approval pursuant to the provisions of the Case-Zablocki Act (1 U.S.C. 112b, Pub. L. 92-403) and its implementing regulations at Title 22, Code of Federal Regulations, part 181, may be required if Grants or Cooperative Agreements are entered into with a State (Foreign Government), an agency of a foreign government, or a foreign intergovernmental organization. See section 22.23 of this chapter for approval process.

(5) Valuation of Donated Services, Supplies, Equipment, or Space.

(a) Unpaid services provided to recipients by an individual(s) must be valued at rates consistent with the rates normally paid for similar work in the recipient's organization.

(b) When a third party or subrecipient furnishes the services of an employee without cost to perform the employee's normal line of work, the services must be valued at the employee's regular rate of pay, exclusive of the employer's fringe benefits and overhead costs.

(c) When a third party donates equipment, buildings, or land, and the title is given to the recipients and the purpose of the Forest Service Grant is to assist recipients in acquiring property, such as equipment, buildings, and land, then the market value of that property at the time of the donation may be counted as part of a cost-sharing or matching requirement.

(d) If the nature of the Grant is not for the purpose of acquiring property, no amount of the donated equipment, buildings, and/or land may be counted unless approval is obtained from the Forest Service. Instead, only depreciation or use allowances may be counted for donated equipment and buildings.

(6) Approval of Advance Costs. Each Grant must include a detailed budget and all direct costs must be approved in advance by the Forest Service. Award of the Grant with a detailed budget, constitutes advance approval on the initial award documents. Any changes in direct costs after the Grant is awarded must be approved, in writing, prior to the changes being made.

(7) Reimbursements.

(a) If payments are made through reimbursement or by U.S. Treasury check, then requests for reimbursements may be submitted monthly or more frequently if authorized to do so in the Grant award document; however, recipients shall not request reimbursement for the United States Federal share of amounts withheld from contractors to ensure satisfactory completion of work until after it makes those payments.

(b) Recipients reimbursements must not be withheld at any time during the Grant period unless: recipients have failed to comply with the program objectives, Grant award conditions, or reporting requirements; recipients are indebted to the United States and collection of the indebtedness must not impair accomplishment of the objectives of any Grant program sponsored by the United States; or the Grant is suspended. Payments withheld for failure of recipients to comply with reporting requirements, but without suspension of the Grant, must be released to the recipient upon subsequent compliance.

b. Type of Work. Following are examples of work permissible under the Act:

(1) Cooperation with domestic and international organizations that further international programs for the management and protection of forests, rangelands, wildlife and fisheries, and related natural resource and disaster mitigation and management activities.

(2) Certain activities in support of the Tropical Forestry Action Plan.

(3) Activities that expand the capabilities of the Institute of Tropical Forestry in Puerto Rico, the Institute of Pacific Islands Forestry, and tropical forests in the State of Hawaii.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1) or Cooperative Agreement (sec. 29.3). Follow the direction described in chapter 10 of this handbook and use either the Grant or Cooperative Agreement template available on the Washington Office G&A website for this authority.

21.15 - Washington Office (WO) Only Authorities

1. Schools and Roads - Payments to Counties. Public Law 110-246, Food, Conservation, and Energy Act of 2008, Title IX-ENERGY Emergency Economic Stabilization Act of 2008, Energy Improvement and Extension Act of 2008, and Tax Extenders and Alternative Minimum Tax relief Act of 2008, Section 601(a) in division C of Public Law 110-343 reauthorizes and amends the Secure Rural Schools and Community Self-Determination Act of 2000, as originally enacted in Public Law 106-393, 16 U.S.C. 500. See FSM 1580.16. CFDA is 10.666.

This program provides secure Payments for States and Counties Containing Federal Land. Receipts from National Forests are shared with the States in which they are situated through a grant formula.

a. General Requirements.

(1) Eligible Entities. Grant recipients must be States (including commonwealths) or territories of the United States containing national forest land.

(2) Applicability of OMB Circulars. This program is excluded from coverage under 2 CFR 200, and Executive Order 12372.

b. Form of Agreement. These transactions are atypical. Contact the Albuquerque Service Center, B&F TSA & Other Collections branch for more information.

2. National Forest Foundation. National Forest Foundation Act, Public Law 101-593, Title IV, as amended by Public Law 103-106. See FSM 1580.14. CFDA is 10.682.

a. General Requirements.

(1) This authority is available for use only by the Washington Office to transfer congressionally set-aside funds to the National Forest Foundation.

(2) This program has no statutory formula. The National Forest Foundation will provide a 50 percent match to federal funds from private contributions.

b. Type of Work. The following are examples of work accomplished under the act: tree planting, trail repair and maintenance, fire risk reduction, noxious weed treatment, and volunteer recruitment.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1). Follow the direction described in chapter 10 of this handbook and use the Grant template available on the Washington Office G&A website for this authority.

3. National Fish and Wildlife Foundation. National Fish and Wildlife Foundation Establishment Act, Public Law 98-244 as amended. See FSM 1580.14. CFDA is 10.683.

a. General Requirements.

(1) This authority is available for use only by the Washington Office to transfer congressionally set-aside funds to the National Fish and Wildlife Foundation.

(2) This program has no statutory formula. The National Fish and Wildlife Foundation will provide a 50 percent match to Federal funds from private contributions.

b. Type of Work. The following are examples of work accomplished under the act: raptor monitoring, wetland restoration, brook trout habitat restoration, and the Pulling Together Initiative.

c. Form of Agreement. See section 29 for a sample Grant (sec. 29.1). Follow the direction described in chapter 10 of this handbook and use the Grant template available on the Washington Office G&A website for this authority.

21.2 - Federal Grant Regulations

Certain Code of Federal Regulations (CFR) and Office of Management and Budget (OMB) administrative provisions, as implemented by U.S. Department of Agriculture (USDA) regulations, must be incorporated and made a part of domestic grant or cooperative agreement awards by citing them in the award letter. It should also be noted that these regulations apply to any sub-recipients of federal grant funds. The following CFR and OMB administrative requirements apply to types of entities as implemented by specific USDA regulation. All Domestic Grants and Cooperative Agreements are subject to the OMB guidance in subparts A through F of 2 CFR Part 200 as adopted and supplemented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found.

These regulations will apply to all recipients of Domestic Grants and Cooperative Agreements, including for-profit entities.

Some recipients may have open awards that were executed prior to December 26, 2014 and are managed under the OMB regulations that were in effect at the time of award. Unless there is a modification to add funding, or the recipient chooses to manage their awards under the new regulations and notifies the Forest Service of that decision, it will be assumed that the regulations cited in the award govern.

Modifications to add funding should include a statement similar to the example below:

This modification is subject to the OMB guidance in subparts A through F of 2 CFR Part 200 as adopted and supplemented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found.

Foreign organizations must expend and account for Federal awards in accordance with the accounting principles generally accepted in the United States, the foreign organization's own country, or by the International Accounting Standards Board. A foreign organization's financial management system must be sufficient to permit:

1. The preparation of reports required by general and program-specific terms and conditions; and

2. The tracing of funds to a level of expenditures adequate to establish that such Federal awards have been used according to all applicable terms, conditions, and restrictions.

Many Government-wide authorities require compliance with various instruments and authorities, such as Department of Treasury financial requirements, and U.S. Forest Service requirements created from delegated authority from USDA.

Additionally, three standard provisions fall under 2 CFR and appear as follows:

1. Debarment and Suspension located at 2 CFR part 180.
2. Drug-Free Workplace located at 2 CFR part 182.
3. Trafficking in Persons located at 2 CFR part 175.

21.3 - Matching the Authority with the Appropriate Funding

Once the authority and CFDA number are identified, the next step is ensuring that the appropriate funding is available. Congress appropriates funds annually to the Forest Service that may be used for Federal financial assistance. Each type of appropriated funding (S&PF or Research, for example) is assigned a Treasury Symbol to carry out the assistance program. Each CFDA displays the Treasury Symbol or Symbols that may be used with that authority and program. See section 20.1, exhibit 01 for the list of CFDA numbers with their corresponding Treasury Symbol(s).

Prior to initiating an award to a recipient, the Program Manager and Budget Approver must ensure that funding is available in a Treasury Symbol that corresponds to the grant authority for the work to be performed. This will include verification of the appropriate use of Treasury Symbol(s) as part of the Grants and Agreements and Budget review process. This review should happen at the beginning of the evaluation process for new awards and when adding funds through a modification to prevent errors or possible cancellations. Note that Cost Pool funding may not be used for Federal financial assistance.

If funding for a Grant or Cooperative Agreement is available from a Treasury Symbol not associated with a CFDA, and has been thoroughly reviewed by Program, Budget Officers, and G&A Specialist and is deemed appropriate, an email request for deviation may be sent to Washington Office, AQM-G&A Policy. Upon review, the Branch Chief will approve or deny the request.

21.4 - Catalog of Federal Domestic Assistance (CFDA)

The Catalog of Federal Domestic Assistance (CFDA), or any OMB-designated replacement, is the single, authoritative, Government-wide comprehensive source of Federal financial assistance program information produced by the Executive branch of the Federal Government. The Forest

Service may not award Federal financial assistance without assigning it to a program that has been included in the CFDA unless there are exigent circumstances requiring otherwise, such as timing requirements imposed by statute.

The Federal Program Information Act (Pub. L. 95-220, as amended) and Circular A-89, U.S. General Service Administration (GSA), through OMB and the Departments, directs Federal agencies to furnish annual and updated information on their domestic assistance programs, which GSA publishes in the Catalog of Federal Domestic Assistance (CFDA). The assigned CFDA number is listed in section 20.1, exhibit 01 and CFDA descriptions are available at www.cfda.gov.

The CFDA contains Federal assistance programs available to: State and local governments (including the District of Columbia and federally recognized Indian tribal governments); Territories (and possessions) of the United States; domestic public, quasi-public, and private profit and non-profit organizations and institutions; specialized groups; and individuals.

21.41 - National Program Manager's Oversight of a CFDA Description

A Forest Service National Program Manager has the responsibility of reviewing the accuracy of the CFDA descriptions and updating the descriptions annually. All National Program Managers, who have programs that award Federal financial assistance (that is, Grants and Cooperative Agreements), are required to ensure, on an annual basis, a valid CFDA number exists for their funded program(s). They must coordinate the responses with the Washington Office G&A staff, who is responsible for reporting the collected information to the USDA, Office of Chief Financial Officer. Additionally, National Program Managers must ensure that: new CFDA numbers are added; current CFDA numbers are modified; or unfunded CFDA's are archived on an annual basis.

21.42 - Creating, Modifying, and Archiving CFDA Description

The process for creating a new, modifying an existing, or deleting a CFDA entry that is no longer needed (for example, no longer funded) is as follows:

1. The Washington Office, G&A staff requests updates to the CFDA from National Program Managers on an annual basis. Alternatively, National Program Managers may initiate a request for a CFDA number, including changes, at any time.
2. If necessary, a National Program Manager should notify Region/Station/Area Program Managers about needed changes to the CFDA, or vice versa.
3. A National Program Manager shall coordinate program responses with the Washington Office G&A staff.
4. A National Program Manager shall provide, in writing, the required CFDA database elements to the Washington Office, G&A staff. This may require a National Program

Manager to assist Program Managers, when needed, in the development of program responses to G&A's annual CFDA update requests.

5. After the Washington Office, G&A staff compile the CFDA materials, the Washington Office G&A staff shall coordinate the forwarding of the CFDA database elements to the USDA, Office of Chief Financial Officer and the General Services Administration that maintains the CFDA.

When Program Managers develop a new CFDA, or change an existing CFDA, for a program, then the Program Manager will be provided USDA Office of the Chief Financial Officer guidance which prescribes Departmental standards for maintaining accurate program information in the CFDA and assisted by the Washington Office, G&A staff.

22 - Prior to Award

Domestic Grants and Cooperative Agreements are those entered into between the Forest Service and a recipient located and operating within the United States and its territories. Domestic Grants and Cooperative Agreements are awarded to States, local governments, institutions of higher education, hospitals, and other non-profit organizations as well as for-profit organizations and individuals. Ensure that domestic recipients whose projects involve work outside the United States and its territories meet all of the requirements of domestic Grants and Cooperative Agreements.

International Grants and Cooperative Agreements are those entered into between the Forest Service and a foreign recipient located, chartered to do business, and operating outside the United States and its territories regardless of whether the project is performed domestically or internationally.

Domestic and international Grants and Cooperative Agreements may be issued on a competitive or non-competitive basis. (See 2 CFR 415.1, for Departmental competition requirements. On implementation of the Omni-Circular, this will be relocated to 2 CFR 400).

22.1 - Initiation Process

Grant programs are either mandatory or discretionary. In a mandatory grant program, Congress directs awards to one or more classes of prospective recipients or even a specific recipient. While the Forest Service may not agree with the award, it has no basis to refuse to make the award. The discretionary grant program consists of a grant (or cooperative agreement) for which the federal awarding agency generally may select the recipient from among all eligible recipients, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and can decide the amount of funding to be awarded. There are several types of discretionary grants. A categorical grant is a grant to be used only for a specific program or activity. Funding for categorical grants may be determined on the basis of a formula prescribed by statute or regulation, or may be made for a specific project. A block grant is a grant given to a governmental unit, usually a state, to be

used for a variety of activities within a broad functional area. The Forest Service does not typically have funding for block grants.

There are several methods of notifying grantees of the availability of funding depending on the program type. Grants may be awarded on a competitive basis, or non-competitively. Under non-competitive awards, funding may be distributed through formulas or negotiated with prospective grantees on a case-by-case basis.

1. **Competitive Grants:** An invitation for recipients to submit applications (referred to as a project solicitation) is issued by the Forest Service notifying potential applicants that financial assistance funds are available and applications are being accepted up to a set deadline. Selection will be made through a competitive process.
2. **Formula Grants:** The Forest Service works with the state foresters to distribute available funding for programs under the Cooperative Forestry Assistance Act. Once funds are allocated, grantees are notified of the funding by program and any specific application requirements.
3. **Unsolicited/Negotiated Proposals:** In some instances, awards of federal financial assistance are made through negotiations with a prospective grantee to implement a specific project or program. These are often for special projects and are awarded on a case-by-case basis.

22.12 - Competition

Following direction in 2 CFR 415.1, Program Managers shall seek competition for all awards over \$75,000.

Solicitation Process: The process for solicitation entails an invitation for recipients to submit applications.

1. **Project Solicitation.** Competitive project solicitations may be distributed in different manners, depending on the program and the potential pool of applicants. Some programs post their solicitations to the Federal Government's grants.gov Web site at www.grants.gov. Others may post the solicitation to the Federal Register, while others may post the opportunity in a local paper. Regardless of the method used, dissemination of the project solicitation should reach the widest potential group of applicants.
2. **Project Solicitation Format.** When preparing a solicitation for competitive Grants and Cooperative Agreements, address the following elements in the solicitation, as appropriate:
 - a. Description of the eligible activities which the Forest Service proposes to support and the program priorities;

- b. Eligible applicants;
- c. The Forest Service deadline for receipt of applications. The deadline selected should provide ample time for applicants to prepare and submit applications, at least 60 days unless there are compelling circumstances for a shorter period;
- d. Total Forest Service program funding available to be awarded. Include a statement about notifying applicants that any awards are subject to the availability of funds being appropriated by Congress;
- e. The maximum value of award, if limiting the size or number of awards is desired;
- f. Evaluation criteria and weights assigned to each;
- g. Methods for evaluating and ranking applications;
- h. Name and address where applications must be mailed, if not submitted through grants.gov;
- i. How to obtain the required forms;
- j. The Forest Service contact person(s);
- k. Applicable cost principles, cost matching or sharing, and administrative requirements;
- l. The type of funding instrument intended to be used (Grant or Cooperative Agreement), if applicable; and
- m. The Catalog of Federal Domestic Assistance number and title, if available.

Screening of Applications for Domestic and International Grants or Cooperative Agreements. An initial screening of applications is beneficial in a competitive situation to eliminate applications that do not meet the terms of the project solicitation. Unacceptable proposals should be promptly returned to the applicant with an appropriate explanation. Following are examples of an application not meeting the terms:

1. It does not fall within the provision of the Forest Service statute under which a Grant or Cooperative Agreement may be issued;
2. It is so obviously deficient it could not be remotely considered for award (such as a 3-line narrative project proposal with no forms, and so forth); or
3. It falls outside a dollar threshold stated in the project solicitation.

Documentation of the competitive process should be included in the official file. This may include a copy of the solicitation and any related correspondence.

22.13 - Non-Competitive Project Selection

The awarding/approving official may make a determination in writing that competition is not deemed appropriate for a particular Grant or Cooperative Agreement. Such determination shall be limited to awards where it can be adequately justified that a noncompetitive award is in the best interest of the Government and necessary to the accomplishment of the goals of the program. Reasons for considering noncompetitive awards and the process to document the determination is provided below.

Exemption from Competition: Formula-type grants awarded to state forestry agencies under the Cooperative Forestry Assistance Act, programs that are legislatively determined, or awards negotiated between the grantee and Forest Service Program Manager may be awarded without public competition.

Unsolicited applications may be received at any time by the Forest Service from an entity on a non-competitive basis. If the applicant proposes a project under the dollar threshold for non-competitive actions and no competition has been planned or conducted under which the application could be funded, it may be processed without further documentation.

Documentation for Non-Competitive Award: Written documentation to support the decision for non-competitive award that includes the following elements must be prepared by the Program Manager. Keep the copy in the official file.

1. Choose one of the following reasons for a non-competitive award and provide an explanation:
 - a. Nonmonetary award of property or services;
 - b. Award is below the \$75,000 threshold set in 2 CFR 415.1;
 - c. Awards to fund continuing work already started under a previous award. Do not break down project requirements, aggregating more than \$75,000 into separate, multiple awards to the same recipient, or increase funds via subsequent modifications to a single award, merely to avoid competition. However, modifications to increase funding over an aggregate of \$75,000 may be warranted when the additional work is within the scope of the initial award (notwithstanding the original funding amount) and the funds are intended to allow for the completion of the project.
 - d. Awards which may not be delayed due to an emergency or substantial danger to health or safety;

- e. Awards when it is impracticable to secure competition;
 - f. Awards to fund unique and innovative unsolicited applications; or
 - g. Awards specifically directed by legislation.
2. A brief statement of the proposed project, and, if applicable, include cooperation between the parties;
 3. A brief statement that the application conforms to requirements of the program and/or mission of the Forest Service;
 4. A written justification, maintained in the official file, that adequately demonstrates that the award is in the best interest of the Federal Government and necessary to the accomplishment of the goals of the program;
 5. Reasons why only one source is best qualified to perform the project; and
 6. A list of the applicant's resources, if applicable.

22.2 - Application

An application is the written or electronic request for financial assistance. An application is required for all Grants and Cooperative Agreements. In general, the application should include:

1. A face sheet containing basic identifying information. The face sheet is generally the Standard Form (SF) 424 or other Government-wide application form;
2. A detailed narrative description of the proposed project, including the objectives of the project and the applicant's implementation plan;
3. A budget on an SF-424A (SF-424C, or SF-424 R&R as appropriate), with supporting justification; and
4. Applicable pre-award certifications and assurances.

Grant or Cooperative Agreement applications are completed by potential recipients. This includes properly completing and signing all required forms and assurances. Forest Service personnel shall not complete application documents; however, they may provide CFDA number, authority, Federal funding amount, matching requirements, and other guidance to potential applicants on the appropriate forms to submit, program information, instructions on how to complete blocks or sections of forms, and so forth.

22.21 - Application Forms

Application forms, assurances, and self-certification documents for all Grants and Cooperative Agreements can be found on the AQM G&A webpage, Grants.gov website, the USDA forms webpage, and search for standard forms on the web.

22.22 - Application Requirements for Domestic Assistance

Domestic Grants and Cooperative Agreements are those entered into between the Forest Service and a recipient located and operating within the United States and its territories, regardless of whether the project is performed domestically or internationally. For example, if The Nature Conservancy, an organization located and chartered to do business in the United States, submitted an application for a project to be completed in Africa by either their United States personnel or a unit of their personnel located in Africa, domestic procedures, regulations, and requirements would apply. Where an organization is located and where it is incorporated or chartered to do business governs which procedures, regulations, and requirements apply in processing applications and documents that are required to be completed. Where the project is performed does not necessarily have a bearing on which process applies.

Domestic Grants and Cooperative Agreement Application Requirements

Applications received for domestic Grants and Cooperative Agreements must consist of the following documents for proper consideration and processing:

1. Non-construction and Non-research application forms consist of the following:
 - a. SF-424, Application for Federal Assistance;
 - b. SF-424A, Budget Information - Non-Construction Programs. Standard form details the breakdown of the cost elements by budget categories. A detailed budget narrative or budget justification should be included to assist the Forest Service in ensuring that costs are allowable, allocable, necessary, and reasonable. Furthermore, costs should be commensurate with the work proposed in the narrative description of the project;
 - c. A narrative description of the project. The narrative should clearly describe the total project to be accomplished, methodology, measurable objectives to be accomplished, time frame for completion, anticipated subgrant or subcontracting activity, and desired results.
 - d. SF-424B, Assurances - Non-construction Programs; and
 - e. Financial Capability Questionnaire (FS-1500-22), when applicable. See section 22.42 for the criteria which would necessitate completion of the form by the

recipient. If the FS-1500-22 is not required, then provide a Financial Capability Checklist, FS-1500-22A or the Financial Capability Checklist for State Government Agencies, FS-1500-22B which provides information outlining the minimal internal requirements necessary to spend federal funds;

f. Certifications. See exhibit 01, Domestic Grant and Cooperative Agreement Certifications.

2. Construction application forms consist of the following:

a. SF-424, Application for Federal Assistance;

b. SF-424C, Budget Information, Budget Information - Construction Programs. This should include project costs by cost element. A detailed budget narrative or budget justification should be included. Costs displayed should be commensurate with the work proposed in the narrative description of the project;

c. A narrative description of the project. The narrative should clearly describe the total project to be accomplished, methodology, objectives to be accomplished, time frame for completion, anticipated subgrant or subcontracting activity, and desired results;

d. SF-424D, Assurances - Construction Programs;

e. Financial Capability Questionnaire (FS-1500-22), when applicable. See section 22.42 for the criteria which would necessitate completion of the form by the recipient. If the FS-1500-22 is not required, then provide a Financial Capability Checklist, FS-1500-22A or the Financial Capability Checklist for State Government Agencies, FS-1500-22B which provides information outlining the minimal internal requirements necessary to spend federal funds;

f. Certifications. See exhibit 01, Domestic Grant and Cooperative Agreement Certifications.

3. Research application forms consist of the following:

a. SF-424, R&R (Research & Related), Application for Federal Assistance;

b. A narrative description of the project. The narrative should clearly describe the total project to be accomplished, methodology, objectives to be accomplished, time frame for completion, anticipated subgrant or subcontracting activity, and desired results;

c. Research & Related Budget (Total Fed + Non-Fed Sheet). This should include a complete detailed breakdown of total project costs by cost element;

- d. Subaward Budget & Subaward Budget Attachments. This form is required if a subaward is anticipated;
- e. Research & Related Key Person (Expanded form, as needed);
- f. Research & Related Project/Performance Site Location Sheet;
- g. Research & Related Personal Data (Optional);
- h. SF-424B, Assurances - Non-construction Programs;
- i. Financial Capability Questionnaire (FS-1500-22), when applicable. See section 22.42 for the criteria which would necessitate completion of the form by the recipient. If the FS-1500-22 is not required, then provide a Financial Capability Checklist, FS-1500-22A or the Financial Capability Checklist for State Government Agencies, FS-1500-22B which provides information outlining the minimal internal requirements necessary to spend federal funds;
- j. Certifications. See exhibit 01, Domestic Grant and Cooperative Agreement Certifications.

22.22 - Exhibit 01
Domestic Grant and Cooperative Agreement Certifications

FORM NUMBER	FORM TITLE	REQUIREMENT TO USE
Debarment and Suspension Certification		
AD-1047	Certification Regarding Debarment, Suspension, and Other Responsibility Matters	Always required.
AD-1048	Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Lower Tier Covered Transactions	ONLY for use with a subrecipient. The recipient keeps the form in their records and does not submit to the Forest Service.
Drug Free Work Place Certifications (select one)		
AD-1049	Certification Regarding Drug-Free Workplace Requirements	Required for all new packages, except for individuals and State governments.
AD-1050	Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative II – For Grantees Who Are Individuals	Required for all new packages from individuals.
AD-1052	Certification Regarding Drug-Free Workplace Requirements, State and State Agencies	Required for all new packages that are with State agencies.
Lobbying Forms		
FS-1500-35	Certification Regarding Lobbying	Required for all awards over \$100,000.
SF-LLL	Disclosure of Lobbying Activities	This form is required, but is completed ONLY IF the award is over \$100,000 and the grantee engages in lobbying.
Other Certifications/Representations		
AD-3030-FS	Representations Regarding Felony Conviction And Tax Delinquent Status For Corporate Applicants	Required for all domestic awards where the entity is a corporation (for-profit or non-profit).

22.23 - Application Requirements for International Assistance

International Grants and Cooperative Agreements are those entered into between the Forest Service and a foreign recipient located and operating outside the United States and its territories, regardless of whether the project is performed domestically or internationally. For example, if Ducks Unlimited of Mexico, located and chartered to do business in Mexico, submitted an application for a project to be completed in the United States, international procedures, regulations, and requirements would apply.

Case-Zablocki Act. International Grants and Cooperative Agreements entered into with a State (foreign government), an agency of a foreign government, or a foreign intergovernmental organization may be subject to State Department approval under the provisions of the Case-Zablocki Act (Pub. L. 92-403, 22 U.S.C. 122b). Each of the criteria found in Title 22, Code of Federal Regulations, and section 181.2 must be met in order for an undertaking to constitute an international agreement. An agreement between a Forest Service unit and a foreign-private organization is not subject to this criterion.

Prior to award, Program Managers shall send all international Grants and Cooperative Agreement proposals to the Washington Office, International Programs, Assistant Director for review in order to determine the need for further review by the Office of General Counsel or State Department. Forest Service units should build time into the award process for this review.

International Grants and Cooperative Application Requirements: Applications received for international Grants and Cooperative Agreements must consist of the following documents for proper consideration and processing:

1. International (Non-research) related applications consist of the following:
 - a. SF-424 (used for both construction or non-construction), Application for Federal Assistance;
 - b. SF-424A, Budget Information - Non-Construction Programs or SF-424C, Budget Information - Construction Programs, whichever form is appropriate. This should include a complete detailed breakdown of total project costs (as shown in Block 15g of form SF-424), by cost element; and
 - c. A narrative description of the project. The narrative should clearly describe the total project to be accomplished, methodology, objectives to be accomplished, time frame for completion, anticipated subgrant or subcontracting activity, and desired results.
2. International (Research) related applications consist of the following:
 - a. SF-424 R&R (Research & Related), Application for Federal Financial Assistance;

- b. A narrative description of the project. The narrative should clearly describe the total project to be accomplished, methodology, objectives to be accomplished, time frame for completion, anticipated subgrant or subcontracting activity, and desired results;
- c. Research & Related Budget (Total Fed + Non-Fed Sheet). This should include a complete detailed breakdown of total project costs by cost element;
- d. Subaward Budget & Subaward Budget Attachments. This form is required if a subaward is anticipated;
- e. Research & Related Key Person (Expanded form, as needed);
- f. Research & Related Project/Performance Site Location Sheet;
- g. Research & Related Personal Data (Optional).

22.24 - Safeguarding and Confidentiality of Applications and Award Documents

The Forest Service receives applications in confidence and precautions must be taken for protecting the confidentiality of their contents. Applications will be kept in a secured location.

In a competitive situation, information shall not be revealed which could provide an advantage of one applicant over another. No information regarding another applicant's submission shall be revealed. Forest Service administrative or program information which may be properly disclosed shall be made available to all potential applicants prior to award to maintain fairness.

When the public requests award documents and associated records related to a grant or a cooperative agreement, contact your local FOIA coordinator and follow procedures outlined in FSH 6209.13.

22.3 - Reviewing Applications, Evaluation, and Selection

All applications should be reviewed carefully to identify any weaknesses, questionable cost elements, or missing paperwork. This review is necessary for both non-competitive and competitive Grants and Cooperative Agreements that have been approved for funding.

22.31 - Evaluation and Selection

For both competitive and non-competitive application packages, Program Managers and G&A Specialist should evaluate all applications which pass the initial screening to determine whether the application is acceptable, eligible, and should receive funding. See section 22.32 and 22.33 for detailed description of evaluation. The following elements should be applied to evaluation and selection as applicable to each individual anticipated award:

1. Ensure that the application meets the provisions of the Forest Service authority under which the grant or cooperative agreement may be awarded.
2. Evaluate the application narrative which describes the proposed project, which may include the following elements: needs assessment, long- and short-term objectives, technical methodology, overview of the organization, monitoring systems, time frame for completion, anticipated subgrant or subcontracting activity, and desired results.
3. As applicable, determine the adequacy of available facilities and equipment.
4. For research proposals, determine the relationship of the project proposal to research completed or under way by others or Forest Service research facilities.
5. Ensure the reasonableness of the total estimated project cost and the amount to be contributed by the applicant.
6. Consider the relevance and importance of the proposed project to solution of specific areas of inquiry or program priorities and the feasibility of attaining objectives during the life of the proposed project.
7. For competitive awards, the relative merits of each application should be weighed and the evaluation should be in writing. Evaluation criteria are established in the project solicitation for competitive awards, and may not be altered in any way during the evaluation process.

22.32 - Program Manager's Review of the Application

The Program Manager administering the Grant or Cooperative Agreement shall review the narrative, budget, budget justification, and supporting documents to determine the appropriateness of activities outlined in the application and the reasonableness of proposed resources to accomplish the project. The narrative should provide an in-depth explanation of the proposed project, personnel involved in the award, and resources to be used. Additionally, the narrative and budget should clearly identify how the proposed activities will support activities covered in the award authority.

Initial Screening of the Applicant and the Application:

The following basic elements of the applicant and proposed activity should be reviewed prior to an in-depth review of the application:

1. Statutory Authority/CFDA. Verify the application is for the correct grant program and the correct CFDA is cited. Does the application meet the provisions of the Forest Service statute which includes any matching or cost-sharing requirements? If the project proposed does not meet the statutory and program requirements, a Grant or Cooperative Agreement may not be awarded. The program manager may work with the applicant to make necessary corrections.
2. Recipient's Eligibility. Ensure that the applicant is an eligible recipient under the cited statutory authority, as outlined in the Program Guideline (for example, State and Private Forestry's FS-758, *Principle Laws for State and Private Forestry Programs*) or as listed in the applicable CFDA. Some authorities or grant programs are only available for funding certain entities, for example State forestry agencies.
3. Geographical Location. Verify the geographical region where the proposed project or activity will take place is consistent with the authorizing legislation and CFDA, and identify whether the award is domestic or international.

Review Standard Forms (SF) and Signed Certification Documents:

1. The Forest Service uses the SF-424 family of forms for domestic grant applications. Each block on the form SF-424 should be reviewed to ensure the information is accurate and complete (for example, verify that the recipient's EIN is stated on the SF-424 or SF-424 R&R.) Block-by-block instructions are available in the form instructions. See section 22.22 or 22.23 for the full list of standard forms required for domestic and international awards.
2. Ensure the proper assurances are included in the application. Prior to the Forest Service awarding a Grant or Cooperative Agreement, the applicant must provide the Forest Service with all identified assurances stated in section 22.22 exhibit 01 of this handbook. Certifications are sworn statements and must be signed by an official with the authority to bind the applicant organization.

Review of the Narrative or Scope of Work:

1. Elements of a well-constructed narrative:
 - a. Performance Period. Verify that the desired performance period is accurately reflected on the SF-424 and in the award document. Ensure that the proposed

period of performance provides sufficient time for completion of all activities as outlined in the scope of work

b. Needs Assessment. A statement describing the current situation and identifies the problems that the proposed project will address.

c. Stated Objectives. A clear description of the stated objectives and how the activities and expected results will benefit the identified beneficiaries.

d. Proposed Activities. Description of how the proposed activities will meet the stated objectives and lessen the problems identified in the needs assessment statement. Ensure that proposed activities and tasks are consistent with the objectives of the award, are reasonable to complete in the award timeframe, and are consistent with the activities permissible by the cited authorizing statute.

e. Methodology. A section which outlines the program design and rationale for choosing the particular method.

f. Schedule or Timeline. Outline of major milestones for the project with target completion dates for meeting each milestone.

g. Personnel. Include a narrative biographical description of each key person in the proposed project staff, as applicable. The description may identify related experiences and qualifications or a copy of the key personnel's resume. The role of each person should be identified and their estimated hours and rate will be captured in the budget narrative.

h. Resources and Needs. Description identifying the resources required for the proposed activity or project, including equipment, facilities, and training requirements, among others. The description of these items may be found in the budget justification or the budget narrative.

i. Geographic Location. The project should identify where the activity will take place.

j. Monitoring and Evaluation of Results. The narrative should describe the methods the applicant will use to monitor project process and how the project's results will be evaluated.

k. Other Elements:

(1) Environmental Assessment, Historic Properties, and/or Cultural Resource Concerns. If the project has potential to affect the environment, historic properties, and/or cultural resources and is considered a Federal Action, the project must be

evaluated for NEPA, NHPA, ESA, Clean Water Act, and so forth. Please consult with appropriate program staff specialists for guidance.

(2) Special Conditions. Statement of special considerations relevant to the project, such as special treatment for proprietary or privileged information, matters affecting individual privacy, and other requirements related to the project.

(3) Intellectual Property Considerations for R&D. Intellectual property includes: patents, copyrights, trademarks and trade secrets. Special attention should be paid to patent and copyright provisions. If the proposed project is likely to result in patentable subject matter, a Cooperative Research & Development Agreement (CRADA) is recommended. Regarding copyrights, it is important to remember that, under Title 17 U.S.C. 105 “copyright protection is not available for any work of the United States Government,...” so for proposed work resulting in publications or the like, it will be important to note that federal employees work products are not subject to copyright.

(4) Information Collections. Information collections such as surveys, questionnaires, or interviews conducted by a recipient are not subject to the Paperwork Reduction Act (44 U.S.C. 3501-3520) procedures administered by OMB, unless the Forest Service specifically requests or approves the collection of information from ten or more non-Federal individuals. For example, if the Forest Service has significant input or control into the design, methodology, and analysis of the data collection or when the data is stored with the Forest Service, then the collection of information is subject to the Paperwork Reduction Act procedures administered by the Forest Service’s Information Collection Manager, Office of Regulatory and Management Services, under Office of Management and Budget regulations 5 CFR Part 1320.3(d), FSM 1380.1 and FSH 1309.14, chapter 40. If application of the Paperwork Reduction Act is not clearly evident, questions should be directed to the Forest Service National Information Collections Officer.

Review of the Budget and Budget Justification

From a programmatic standpoint, the review of the budget and the budget justification is to determine whether the budget plan is reasonable and sufficient to achieve the stated project objectives. For this reason, the budget is an estimate, not an exact cost document. The budget should not over-estimate or underestimate costs needed to sufficiently carry out the activities as proposed in the narrative. The Program Manager examines cost elements to ensure they are necessary, reasonable, and appropriate for the completion of the activity. For reasonableness, Program Manager should use the prudent person test (for example, it does not exceed an amount that any reasonable person would incur under similar circumstances) when looking at cost amounts. Verifying costs against the applicable cost principle is the responsibility of both the Program Manager and the G&A Specialist.

Project budgets can be found on the SF 424A (non-construction); 424C (construction); or SF-424 Research and Related budget form depending on the type of award. Additionally, the budget should be supported by a budget narrative or budget justification. Budget elements which commonly require budget justifications include personnel salaries, travel, and acquisitions of real property or equipment.

1. Elements to review in the budget to determine that they are necessary, reasonable, and appropriate under the proposed project include:

a. Personnel. This category includes only direct costs for the salaries of those individuals who will perform work directly for the project (paid employees of the applicant organization).

Personnel costs do not include:

(1) Costs for services of consultants, contractors, consortia members, or other partner organizations, which are included in the “Contractual” category;

(2) Costs for employees of subrecipients under subawards, which are included in the “Other” category; or

(3) Efforts that are not directly in support of the proposed project, which may be covered by the organization’s negotiated indirect cost rate.

Possible questions to consider when assessing if the salaries and wages of the recipient’s personnel are necessary, allowable, and allocable under the award:

(1) Are the proposed personnel costs (labor categories and salary ranges, skill mix, and their level of effort) reasonable and necessary to achieve project objectives?

(2) Are job titles/categories/labor rates consistent with the proposed function under the project? For example, if the organization’s Director will be performing research work, the proposed compensation or valuation of contributed services should be appropriate for a researcher not a director of a non-profit.

(3) Are the proposed personnel costs consistent with the budget and project periods?

b. Fringe Benefits. This cost element may or may not be included as a separate line item. Fringe benefits may be included in Personnel costs, and this line will be blank. Generally, this will be reviewed by the G&A Specialist reviewing the package. See section 22.33 for more information.

c. Travel. Review travel requirements (either domestic or foreign) in the budget justification to determine if they are reasonable and necessary to effectively manage and carry out grant activities, provide oversight, or measure program effectiveness.

Travel may be integral to the purpose of the proposed project (for example, training external partners) or related to proposed project activities (for example, attendance at meetings). Applicants must provide a narrative description of the types and purposes of proposed travel, estimated number of trips, planned destinations, and estimated number of travelers.

d. Equipment. This category includes only equipment proposed for purchase as a direct cost. Equipment is defined as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. Equipment also includes accessories necessary to make the equipment operational. It does not include:

(1) Equipment planned to be leased/rented, including lease/purchase agreements; or

(2) Equipment service or maintenance contracts. Depending on the proposal, these types of proposed costs could be included in Other Direct Cost category.

The Equipment Purchase Justification Form, FS-1500-34 should be completed by the recipient and submitted to the Forest Service Program Manager prior to purchase of any equipment using Federal grant funds. This form is required from any recipient, including a State, which contemplates purchase of equipment using grant funds. The Program Manager will review the form and assess if the equipment is necessary, allowable, and allocable under the award. Documentation must be placed in the grant award official file, incorporated in NRM, and a copy of the approved form should be provided to the recipient for their records. The evaluation items include:

(1) Are proposed equipment costs eligible and allowable for funding under applicable program guidance and program regulations?

(2) Is each item of equipment proposed for purchase necessary to achieve project objectives?

(3) Were options other than purchase for each item of equipment considered, such as leasing, renting, or loan of government property?

(4) Is the proposed cost of each item of equipment reasonable and is the category total reasonable in relation to the overall project budget?

As a Program Manager, it's important to be aware of responsibilities associated with grantee purchase of equipment. If the grantee is an entity other than a State, the equipment must be tracked for the entire life of the equipment, not just the grant period. See section 25.5 of this chapter on Equipment.

e. Materials and Supplies. Materials and supplies are tangible personal property other than equipment. Non-tangible goods and services associated with supplies, such as printing services, photocopy services, and rental costs should be included in the “Other” category. Ensure that the identified materials and supplies are necessary and reasonable for the completion of the project. The applicant’s narrative should include a brief description of the supplies required to perform the work. These costs should be itemized by major supply categories and include the estimated costs by category. For example, office supplies, computer supplies, and monitoring supplies.

f. Contractual/Consulting Services. Contractual/consultant services are those services to be carried out by an individual or organization other than the applicant in the form of procurement. The applicant should list the proposed contract activities along with a brief description of the scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive). All procurement must meet the criteria in the Uniform Administrative Requirements applicable to the applicant.

g. Construction. If costs are included in this element, ensure the authority and funds for the award allow construction. Forest Legacy Acquisition grants are considered construction grants.

h. Other Direct Costs. This category should include only those types of direct costs that do not fit in any of the other budget categories. Examples of costs that may be in this category are: sub-awards, rental or lease of equipment, and printing or photocopying. The costs in this section must be captured in the budget narrative or breakdown to determine if the costs reasonable and necessary to achieve project objectives.

If purchases of real property or capital improvements are included in the budget, the Program Manager should recognize there are very limited circumstances for purchase of either real property or capital improvements under the Forest Service authorities. If capital improvements are made to a recipient-owned property, those improvements will be recorded and managed in the same manner as equipment. See section 22.59 for information regarding Acquisition of Equipment.

i. Indirect Costs. The G&A Specialist will work with the applicant to ensure that an approved negotiated indirect cost rate agreement (NICRA) is in place.

j. Program Income. Program or grant-related income is the anticipated amount the applicant may generate through an award activity. Income may include, but is not limited to, conference fees, fees for services performed, use fees or rental fees, patent or copyright royalties, or third party reimbursement. Note that not all authorities permit program income. For more information on how to account for program income see section 22.54 of this chapter. The G&A Specialist will address

program income and ensure that the correct method for capturing the funding is included in the award.

2. Matching Cost-Share. Many authorities require the grantee provide a non-federal match to the federal funding. The cost share is based on a percentage of the total cost of a project. Ensure that the proposed match is included as part of the project budget and is captured in the budget narrative or justification similar to the federal funding. For more information concerning how an applicant provides their matching or cost sharing contribution (for example, cash contributions, in-kind contribution, program income) see section 22.52 of this handbook.

3. Pre-Award Costs. Pre-award costs incurred 90 calendar days prior to award are an allowable cost to the award. More than 90 calendar days must have prior approval of the Program Manager to be considered allowable costs. All pre-award costs are incurred at the recipient's risk (for example, the Forest Service is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

22.33 - G&A Specialist Review of the Application

The G&A Specialist administering the Grant or Cooperative Agreement shall review the narrative, budget, budget justification, and supporting documents to determine if the award may be made under the proposed authority to the applicant. A G&A Specialist will review each application with special emphasis on allowable costs in the budget and application, identifying any items for adjustment or further explanation.

Initial Screening of the Applicant and the Application.

The following basic elements of the applicant and proposed activity should be reviewed prior to an in-depth review of the application:

1. Statutory Authority/CFDA. Is the application for the correct grant program, and is the correct CFDA cited? Does the application meet the provisions of the Forest Service statute which includes any matching or cost-sharing requirements?
2. Recipient's Eligibility. Ensure that the applicant is an eligible recipient under the cited statutory authority. Some authorities or grant programs are only available for funding to certain entities, for example State forestry agencies.

Review Standard Forms (SF) and Signed Certification Documents.

1. The Forest Service uses the SF-424 family of forms for domestic grant applications. Each block on the SF-424 or SF-424R&R should be reviewed to ensure the information is accurate and complete. Block-by-block instructions are available in the form instructions.

2. Ensure the proper assurances are included in the application. Prior to the Forest Service awarding a Grant or Cooperative Agreement, the applicant must provide the Forest Service with all identified assurances shown in section 23.22 of this handbook. Assurances and certifications are sworn statements and must be signed by an official with the authority to bind the applicant organization.

Review of the Narrative or Scope of Work.

The G&A Specialist should review the narrative to ensure that the proposed work fits within the statutory authority and the type of funding available for award, and there are no ethics issues or potential conflict of interest.

Review of Allowable Costs in the Budget and Budget Justification.

The G&A Specialist must verify that the budget narrative agrees with the budget summary through review of the Form SF-424A or C, Budget Information (non-research). For research, review the Research & Related Budget (Total Federal and Non-Federal Sheet). Look closely at each individual budget cost element in form SF-424A or C. Review any additional cost breakdown or budget narrative supporting each of the budget cost elements.

Review of allowable costs is a means of formally determining the appropriateness of costs in an applicant's budget. Review of the proposed budget determines whether the budget plan is reasonable and sufficient to achieve stated project goals. For this reason, the budget is an estimate, not an exact cost document. The budget should not over-estimate or underestimate costs but should be sufficient to carry out the activities as proposed in the project narrative.

The G&A Specialist should verify that the costs are appropriately categorized. Allowability of costs should be reviewed in accordance with the Cost Principles and must meet certain basic criteria to be charged to an award.

1. Basic cost review criteria includes:

- a. The cost element is reasonable and necessary;
- b. It is permissible under the authority;
- c. It is allocable to the project;
- d. It is consistently treated as either a direct or an indirect cost.

(1) Direct costs are those that can be readily designated as benefiting one particular federally funded project or activity. An example of a direct cost is a water monitoring device installed in a stream to measure nutrients required for a particular grant activity.

(2) Indirect costs are those that are not easily assigned to a particular project but which are necessary to the operation of the recipient and the performance of the project. Examples are salaries of administrative staff, basic office supplies, and utilities.

e. The cost is not included as a cost or a match/cost-share for another federal program, unless specifically authorized

2. Review of SF-424 A or C

The following is a summary of budget elements from the SF 424A or C to be reviewed by the G&A Specialists. For more specific guidance, please see applicable cost principles. The Cost Elements and applicable research sections are:

a. Personnel and Fringe Benefits. This category includes only direct costs for the salaries of those individuals who will perform work directly for the organization. Ensure that the proposed rates for various personnel are reasonable based on local wages paid for the work being performed. The Bureau of Labor Statistics website at <http://data.bls.gov/PDOQ/outside.jsp?survey=nc> may assist determining reasonability.

Identify whether the labor rate already includes fringe benefits, or if it has been the applicant's consistent practice to separate out a labor rate burden. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the cost of leave, employee insurance, pensions and unemployment benefit plans. Fringe benefit costs are allowable to the extent that the benefits are reasonable and are required by law, governmental unit employee agreement, or an established policy. The budget narrative should identify the applicant's fringe benefit rate. In instances where the applicant has combined the Fringe Benefit costs with direct salaries and wages in the personnel category, the G&A Specialist may request the applicant to provide a breakout of the fringe benefit costs.

Personnel costs do not include: costs for services of consultants, contractors, consortia members, or other partner organizations, which are included in the "Contractual" category; costs for employees of subrecipients under subawards, which are included in the "Other" category; or effort that is not directly in support of the proposed project, which may be covered by the organization's negotiated indirect cost rate.

b. Travel. Travel costs are allowable where it provides a direct benefit to and support of the program or activity outlined in the project narrative. The budget justification should breakout the estimated travel costs to determine reasonableness, for example, subsistence and airfare costs. Ensure that the level

and location of travel is appropriate for the level of work projected. When charging travel costs to an award, a recipient must adhere to their internal travel policies. If a recipient does not have a written travel policy, they must adhere to the Federal Travel Regulation (FTR).

Note that the rules governing travel for conferences and meetings that the Forest Service conducts, and those carried out by recipients under Grants and Cooperative Agreements, are significantly different.

(1) Nonfederal Employee Travel. Assistance funds can be used to defray transportation and subsistence expenses for nonfederal attendees for conferences that the recipient carries out. The decision as to who receives transportation and subsistence expenses is the recipient's, not the Forest Service's, and the Forest Service should avoid the appearance of directing the recipient to provide travel to specific individuals.

(2) Federal Employee Travel. Assistance funds cannot be used to fund travel for Federal employees as this would circumvent limits on government travel ceiling. The Forest Service may use its own travel funds to enable a federal employee to attend a conference relating to matters that would improve the conduct, supervision, or management of Agency functions or activities. A nonfederal organization can use its own funds (not part of a match for a grant or cooperative agreement) to pay for a Forest Service employee travel provided the appropriate regulations are followed. Seek Ethics advice prior to accepting nonfederal organization funds for travel.

c. Equipment. Equipment is nonexpendable personal property with an acquisition cost of at least \$5,000 per unit and a useful life of more than one year. Equipment should be clearly needed for the project. Leasing of equipment should be considered. Another alternative may be for the applicant to purchase equipment with their own funds as a part of their contribution and redistribute requested funds to other cost elements (if appropriate and justified). See 22.59 of this chapter for activities related to purchase of equipment.

d. Supplies. Supplies are items with an acquisition cost of less than \$5,000 per unit or with a useful life of less than one year that are consumed in performance of the project. An itemized breakdown of supplies should be included in the budget narrative. Only materials and supplies actually used for the performance of the award may be charged as a direct cost. Ensure that the level and cost of supplies proposed are reasonable and justified and that they are not being "stockpiled" for future use.

e. Contractual. Contractual services are those services to be carried out by an individual or organization, other than the applicant, in the form of a procurement. These services may fall under direct costs such as an environmental consultant or

indirect costs such as janitorial services. All subcontracts should be described in the narrative.

f. Construction. If costs are included in this element, ensure the authority and funds for the award of the grant allow construction. Forest Legacy Acquisition grants are considered construction grants.

g. Other. This category should include only those types of direct costs that do not fit in any of the other budget categories listed above. Examples of costs that may be in this category are: sub-awards, rental/lease of equipment, and printing or photocopying costs. Take a close look at any costs placed in this category. Ensure they are clearly identified. Ensure the costs are explained appropriately, and are necessary and properly allocated to the proposed Grant or Cooperative Agreement.

(1) Sub-awards. Sub-awards (such as, sub-grants) are a distinct type of cost included in the other category. The term “sub-award” means an award of financial assistance made by the recipient to an eligible sub-recipient. This term does not include subcontracts which must be included in the contractual category. Applicants must provide the aggregate amount they propose to issue as sub-award work and a description of the types of activities to be supported. Answer the following questions to assess if the sub-awards are necessary, allowable, and allocable under the award:

(a) Does the grantee have policies and procedures in place to properly manage sub-recipients?

(b) Are there any programmatic eligibility restrictions on who may perform proposed sub-award work?

(c) Is the proposed sub-award work for authorized assistance purposes (that is, not to acquire goods or services for use by the applicant)?

(d) Is the proposed sub-award work necessary to achieve project objectives?

(2) Participant/Trainee Support Costs. Include any allowable tuition/fees/health insurance, stipends, travel, subsistence, or other costs that are not already included in fringe benefits or captured in the indirect cost rate. Costs for travel or subsistence should be displayed in the budget justification.

(3) Fees. Include and justify any fees the applicant includes in this section. An analysis of the OMB Circular should be made to ensure that the fee charged is allowable, allocable, and reasonable.

(4) Audit Costs. The cost principles permit other audit costs (for example, non A-133 audits) as allowable if included in a cost allocation plan or indirect cost rate

proposal, or specifically approved by the Program Manager as a direct cost to an award. These types of audits may be used if there are concerns that the recipient's internal controls are not adequate and do not meet the OMB uniform administrative requirements. For instance, a recipient's financial management systems could be audited to verify that the system complies with the circulars. The decision to utilize an audit other than A-133 audit should be made through identifying high risk programs and/or recipients.

h. Indirect Cost Rate Documentation. In order for indirect costs to be allowable, the applicant must have a negotiated indirect cost rate agreement (NICRA), or must have submitted a proposal to their cognizant Federal agency. For more information see section 22.53 of this handbook.

i. Program Income. Program income, if applicable, must be identified on the budget form and described in the narrative. Program income must fall within the guidelines of the Uniform Administrative Requirements applicable to the applicant, and be addressed in the award. Unless identified and addressed in the award, program income will be deducted from the Federal share of funding. See section 22.54 of this handbook for more information.

3. Matching or Cost-Share. Many authorities require the grantee provide a non-federal match to the federal funding. Ensure that the proposed match is included as part of the project budget and is captured in the budget narrative or justification similar to the federal funding. For more information concerning how an applicant provides their matching or cost sharing contribution (for example, cash contributions, in-kind contribution, program income) see section 22.52 of this handbook.

4. Pre-Award Costs. Pre-award costs incurred 90 calendar days prior to award are allowed. Costs incurred more than 90 calendar days prior to award must have prior approval of the Program Manager to be considered allowable costs. All pre-award costs are incurred at the recipient's risk (for example, the Forest Service is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

22.34 - G&A Specialist Review of Research-Specific Review Elements

Research - Review of Form R&R Budget, Budget Information (research). The applicant may use either the Research & Related Budget or the Research & Related Budget (Total Fed + Non-Fed) form for cost sharing Cooperative Agreements. Each form is broken into sections A-K with a section for the cumulative budget.

1. Section A, Senior/Key Persons and Section B, Other Personnel. Use the same guidelines as Personnel and Fringe Benefits listed above for SF-424 A or C review.

2. Section C, Equipment Description. Use the same guidelines as Equipment listed above for SF-424 A or C review.
3. Section D, Travel. Use the same guidelines as Travel listed above for SF-424 A or C review.
4. Section E, Participant/Trainee Support Costs. Include any tuition/fees/health insurance, stipends, travel, subsistence, or other costs that the university or college allows for the personnel used for the Grant. Costs for travel or subsistence should be included on an attachment (Section K) with a breakout indicating the same information required under the Section D. Travel information.
5. Section F, Other Direct Costs. Other direct costs include materials and supplies, publication costs, consultant services, ADP/computer services, subawards/consortium/contractual costs, equipment or facility rentals/user fees, and/or any other costs not indicated elsewhere on the form. Supplies are items with an acquisition cost of less than \$5,000 per unit or with a useful life of less than one year that are consumed in performance of the project. Only materials and supplies actually used for the performance of the award may be changed as a direct cost. Ensure that the level and cost of supplies proposed are reasonable and justified and that they are not being “stockpiled” for future use.
6. Section G, Direct Costs. This is the summation of sections A-F.
7. Section H, Indirect Costs. In order for indirect costs to be allowable, the applicant must have a negotiated indirect cost rate agreement (NICRA), or must have submitted a proposal to the cognizant Federal agency. For more information see section 22.53 of this handbook.
8. Section I, Total Direct and Indirect Costs. This is the summation of Section G and Section H.
9. Section J, Fee. Include and justify any fees the applicant includes in this section. An analysis of the correct OMB Circular should be made to ensure that the fee charged is allowable, allocable, and reasonable.
10. Section K, Budget Justification. This is the narrative descriptions of all lump sums in sections A-F. The applicant should include this as one attachment to the budget form.

22.4 - G&A Specialist Evaluation of an Applicant's Management System

This section outlines the framework for evaluating the risks associated with an award of Federal financial assistance to an applicant. This assessment includes the evaluation of the applicant's eligibility to receive Federal funds.

22.41 - System Checks and Validation of the Applicant

In evaluating risks posed by applicants, the G&A Specialist must review a number of checks and validations prior to award.

1. System of Award Management (SAM). Prior to award, verify if the recipient is eligible to receive federal funding by checking SAM at www.sam.gov. This includes confirmation that the recipient is not on the Excluded Parties Listing. Every recipient must be registered in SAM prior to a new award or continuation of award. If not registered, provide the applicant with instructions and website for registration. An award of federal financial assistance shall not be executed until it is verified the recipient has an active registration in SAM.
2. A-133 Audits. If the applicant has received prior federal grants, and is subject to A-133 audits, the G&A Specialist should check the audit clearinghouse at <http://harvester.census.gov/sac/> to ensure that the applicant is current on their audit, and there are no areas of concern. The Albuquerque Service Center, Audit and Assurance Branch may provide assistance with review or interpretation of any audit information.
3. Current or Previous Forest Service Awards. The G&A Specialist should verify with the Program Manager that the applicant has a proven record of successful performance with Forest Service awards. If there is a history of poor performance, then consider including special terms and conditions to protect Federal interests.

22.42 - Review of Applicant's Management and Financial Management Systems

Grantees must have an adequate management and financial management system to ensure that Grants and Cooperative Agreements are implemented for intended purposes and in accordance with regulations. OMB has established principles and standards for grantee financial systems, located in subpart D of 2 CFR 200, see section of 21.2 this chapter. Prior to awarding a grant or cooperative agreement, the Forest Service G&A Specialist will ask the recipient to complete and submit one of the following forms. The G&A Specialist must be available to respond to the recipient if there are any questions regarding the items in the form or the requirements in the OMB Circulars.

Financial Management Assessment.

1. Financial Capability Questionnaire. A G&A Specialist should use the Financial Capability Questionnaire, FS-1500-22, with any grantee where there are concerns about their ability to manage federal grant funds. The form will also be used with any new or infrequent grantee. The grantee should be provided with the Financial Capability Questionnaire, FS-1500-22, to complete and self-certify. If the grantee has completed a similar assessment or questionnaire from another federal agency within the past three

years, they may instead submit a copy of that assessment. The Forest Service will assess the information provided and incorporate the document in the official record.

A financial management assessment evaluates a grantee's ability to manage the financial aspects of an award and its plans to accomplish project activities with reasonable economy and efficiency. Ideally, assessments should occur prior to the award but may be performed at any time subsequent to the award. This assessment should be used when:

- (a) The prospective grantee has not received an award from any federal agency within the last five years;
- (b) The prospective grantee does not have a proven record of successful performance under previous Forest Service grants or may have been terminated on prior Forest Service awards; or
- (c) The Forest Service determines it to be in the best interest of the U.S. Government.

2. The Financial Capability Checklists. The Financial Capability Checklist, FS-1500-22A and the Financial Capability Checklist for State Government Agencies, FS-1500-22B, is designed for use with long term grantees to serve as a reminder of the regulations applicable to the management of federal grant funds. The checklist should be provided to the grantee annually for review and a completed copy should be kept in each grant file for that year. This form is a good reminder for our long term grantees, and can serve as a discussion tool when there is staff turnover in the grantee organization.

The objective of the checklist and the questionnaire is twofold. The information provided by the grantee will allow the Forest Service G&A Specialist to identify weaknesses in the grantees financial management system, and will also serve as a resource for the grantee regarding the regulations that apply to financial management of grant funds. The Albuquerque Service Center, Audit & Assurance Branch may be contacted to assist the G&A Specialist with questions related to any of the documents collected, recipient's questions concerning their financial system, and other assessment questions which arise in the review.

22.43 - Resolving Weaknesses in Applicant's Management System

If during the evaluation, potential areas of weakness in the grantee's financial management system are identified, then the G&A Specialist and Program Manager must take action depending on the severity of the material weakness. Actions range from increased monitoring requirements in the award letter, incorporating additional terms and conditions, or terminating the pre-award procedures until the grantee can demonstrate their financial management system meets the minimum standards outlined in the applicable Cost Principles and Administrative Requirements. For minor weakness identified by the G&A Specialist, the grantee may rectify the weakness with new policies, processes, procedures, or internal controls

which may then preclude the need for increased monitoring and federal oversight in performance of the award.

22.44 - Imposing Specific Conditions on the Applicant

See section 17.2 of this handbook.

22.5 - Award Considerations

In addition to review of the application, there are other items that must be addressed prior to award.

22.51 - Substantial Involvement, Choosing Between a Grant or Cooperative Agreement

1. Substantial Involvement. Substantial involvement includes the following:
 - a. Forest Service review and approval of one stage of work before a subsequent stage may begin during the performance period;
 - b. Forest Service review and approval of proposed subgrants and contracts, in excess of those authorized by the OMB Circular direction, prior to the award;
 - c. Forest Service involvement in the selection of key recipient personnel;
 - d. Forest Service and recipient collaboration and joint participation. Clearly identify specific tasks to be accomplished by each party in the narrative section of the Cooperative Agreement;
 - e. Forest Service providing specific direction or redirection of the work during performance because of interrelationships with other projects;
 - f. Forest Service participating in the collection and/or analysis of data;
 - g. Forest Service participating in the selection and approval of analysis mechanisms;
 - h. Forest Service participating in the presentation of results in publications;
 - i. Forest Service does not permit the recipient's principal investigator or project manager to change methods and procedures employed in performing the project without prior approval of the authorized Forest Service program manager, unless the methods and procedures employed are stated as specific objectives in the project narrative.

2. Other Than Substantial Involvement (Normal Agency Stewardship). Substantial involvement does not include the exercise of normal agency stewardship responsibilities, including, but not limited to:

- a. Forest Service approval of recipient plans prior to award.
- b. Forest Service technical assistance prior to the start of the activity.
- c. Forest Service technical assistance to correct deficiencies in project or financial performance when reports or monitoring indicate some sort of problem.
- d. Forest Service site visits.
- e. Forest Service review of financial, performance, and audit reports.
- f. Forest Service technical reviews to determine whether to continue funding the next budget period.
- g. Forest Service review of performance to ensure that the objectives, terms, and conditions of the award are accomplished.
- h. Forest Service general administrative oversight, such as prior approvals required by the financial assistance regulations and/or Office of Management and Budget (OMB) Circulars.
- i. Forest Service review of performance after completion.

22.52 - Cost Sharing or Match

Cost-share or match refers to the resources a recipient contributes toward project completion. The amount of match is often dictated by the authority the grant is awarded under, and may also be used as criteria in ranking competitive grant proposals. Cost-share becomes a condition of an award when it is part of the approved award budget. Recipient expenditures used for cost-share must meet the same standards for allowability as grant expenditures, outlined in the applicable cost principles and administrative requirements. Recipients may provide their cost-share in any of the following ways:

- 1. Non-Cash Contributions. Nonfederal funds used for some or all of the costs of an activity or project. Federal funds may be used as a match only when the appropriations language specifically permits matching federal dollars in Grants or Cooperative Agreements.
- 2. In-Kind Contribution. In-kind contributions may consist of donated time and effort, real nonexpendable personal property, and goods and services directly benefiting and specifically identifiable to the supported activity or project.

3. Program Income. Grant-related program income, if it is specifically authorized in the award, may be used toward cost-share. The method of accounting for program income must be identified in the award letter. See Section 22.54.

4. Combination of Sources. Recipients may use a combination of any of the three methods describe to meet the matching requirement.

22.53 - Indirect Cost Rates

Indirect costs are those incurred by the recipient for a common or joint purpose that benefits more than one cost objective and are not readily assignable to specific cost objectives as a direct cost. In order for indirect costs to be allowable, the applicant must have a negotiated indirect cost rate agreement (NICRA) or must have submitted a proposal to their cognizant Federal agency. Cognizance is determined by the grantee, based on the Federal agency that awarded the greatest amount of direct awards to the entity over the previous three years. If there are no direct awards, the Federal agency that awarded the greatest amount of indirect awards will be the cognizant agency. The Department of Interior is the cognizant Federal agency for tribal organizations.

If a valid NICRA or indirect cost proposal is not included with the application, the G&A Specialist or Program Manager should contact the applicant and request the documentation. If documentation is not provided, then the budget must be modified to remove indirect costs.

If the recipient does not have a NICRA issued by the cognizant agency nor have they submitted a proposed NICRA prior to the award, the recipient shall submit its initial indirect cost proposal to its cognizant agency no later than three months (such as 90 days) after the effective date of the award. Until the indirect cost proposal has been approved, the recipient may be reimbursed for indirect costs at the tentative rate reflected in the budget. If the approved NICRA reflects a rate different than the tentative rate, adjustments to past reimbursements and/or budgets may be needed.

Alternatively, recipients that have never received a NICRA may elect to use a 10% de minimus rate, as allowed in 2 CFR 200.414 (f). The rate will be calculated against their modified total direct cost (MTDC), which excludes equipment, capital expenditures, subcontracts in excess of \$25,000, rental costs, and other costs specific to Institutions of Higher Education. The de minimus rate is available to any recipient that has never had a NICRA and receives less than \$35 million in direct Federal funding per year. This includes State, local, and Tribal Governments as long as they meet the criteria.

When the Forest Service enters into a Cooperative Agreement with a State cooperative institution and there is a Federal-State partnership arrangement, all parties contribute to the cooperative agreement, and the project is of mutual interest to all the parties, no indirect costs or tuition remission shall be charged against the Forest Service funds. However, the prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds for

international agricultural programs conducted by a State cooperative institution. In these instances the Forest Service shall limit the amount of indirect costs to an amount necessary to carry out the program.

How to Verify Indirect Cost Rate Calculation: Review the indirect cost rate, along with the proposed direct costs, to determine if the rate is applied correctly to direct costs. In addition, ensure that the calculation of indirect costs is correct and does not exceed the approved rate. In order to verify proper calculation of indirect costs, the G&A Specialist must examine how the 'base' is calculated. Oftentimes, indirect cost percentages are applied only to the first \$25,000 of each sub-award and/or contract. The method for calculating the base varies among recipients.

Rate Modifications during the Grant Award Period. Addressing the change in an indirect rate received during the grant period depends on whether the indirect rate has increased or decreased. If the increase creates a material budget change, generally 10% or more, then it may be appropriate to revise the budget and approve it through a formal modification to the award. A formal modification is not required to incorporate a new NICRA, during the grant award period. However, a formal modification may be prudent when a material budget change has occurred.

1. **Decreased Rate:** If the rate in the new NICRA is less than the rate in effect for the award, then the recipient must implement the lower rate from the effective date of the NICRA forward. If the recipient continues to charge the higher rate, the recipient may have to pay back excess indirect cost reimbursements. If the difference creates a material budget change, generally 10% or more, then it may be appropriate to revise the budget and approve it through a modification to the award. If the budget change is minor, then formal budget modification is not necessary.
2. **Increased Rate:** If the rate in the new NICRA is greater than the rate in effect in the award, then the recipient has two options available. The recipient may elect to use the new rate or continue to apply the original rate to costs incurred. Regardless of the option selected, the same level of performance as agreed to in the award, is required. The Federal share of the budget will not be increased to reflect the increased indirect costs; however, approved indirect costs in excess of the rate charged may be used as match.

22.54 - Program Income

Program income is the gross revenue generated by a Federal grant funded activity that is realized during the performance period of the grant. Program income may be earned by recipients from fees charged for conference or workshop attendance, from rental fees earned from real property or equipment acquired with federal funds, or from the sale of commodities or items developed under the grant or cooperative agreement. Interest earned by the recipient on funds advanced by the Forest Service is not considered program income.

If the Forest Service and the applicant chose to use program income as match, or in addition to funds designated for the proposed project, the method must be identified in the award letter or the deduction alternative will serve as the default and any program income will be deducted from the Forest Service share of the project. Anticipated program income must be included in the budget and described in the narrative. See exhibit 01 for program income alternatives: deduction, cost sharing and addition. For more information on program income, see 2 CFR 200.307.

22.54 - Exhibit 01

Program Income Alternatives: Deduction, Cost Sharing and Addition

ALTERNATIVE TYPE	DEFINITION
Deduction Alternative	Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs, unless otherwise approved by the signatory official. Program income must be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award must be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.
Cost sharing or Matching Alternative	When authorized, program income may be used to meet the cost sharing or matching requirement of the Grant or Cooperative Agreement. The amount of the Federal Grant award remains the same.
Addition Alternative	When authorized, program income may be added to the funds committed to the Grant or Cooperative Agreement by the Federal agency and the grantee. The program income must be used for the purposes and under the conditions of the Grant or Cooperative Agreement.

22.55 - Civil Rights

The G&A Specialist must ensure that pre-award Civil Rights reviews are performed by the Program Manager, per FSH 1709.11, Civil Rights Handbook, chapter 70, Federal Financial Assistance Programs. Documentation of the review should be captured on the FS-1700-0006 with the appropriate A, B, or C sections completed and must be placed in the official file. The Program Manager will then complete the Civil Rights certification in NRM prior to execution of the award.

The G&A Specialist or Program Manager must provide recipients with FS-850, Complying with Civil Rights Requirements pamphlet, and Nondiscrimination in Programs and Activities That Receive Federal Financial Assistance poster, AD-475-C (And Justice for All). The recipient must agree to comply with Federal Civil Rights regulations in order to receive federal financial assistance.

22.56 - Lobbying

The applicant must ensure that no federal funding will be used for lobbying. The application must include a signed Certification Regarding Lobbying (FS-1500-35).

The SF-LLL, Disclosure of Lobbying Activities, is used by the recipient to report if they engage in lobbying. This annual report is required if the award is for \$100,000 or more, and the recipient or sub-recipient engages in lobbying.

22.57 - Liability/Indemnification

The Federal government is not liable for the activities performed by the recipient or their sub-recipients. The recipient's activities are not covered under the Federal Tort Claims Act, since they are not "agents" of the Federal Government.

The G&A Specialist should ensure that there is no language in the application, correspondence, or award document accepting any liability for activities performed with grant funding.

22.58 - Sub Awards

Often, grant funded work is completed by sub-recipients. If the applicant/recipient intends to complete work through sub-awards, then those funds must be separated and identified in the SF-424A and budget narrative, or Research & Related Budget (Total Federal and Non-Federal Sheet) and Subaward Budget & Subaward Budget Attachments for Research. It is not required that each sub-recipient be identified by name at the time of application, but the amount of funding must be identified and approved by the Program Manager.

The prime recipient or pass-through entity accepts responsibility for determining that the sub-recipient is capable of managing federal funds. Policies and procedures for awarding and managing sub-awards must be in place and followed. The G&A Specialist or Program Manager should ask for evidence of the recipient's sub-award policies and procedures if they have not been previously provided. Documentation should be placed in the file. This should be part of the pre- or post-award review.

Pass-through recipients are also required to ensure that any sub-recipient has not been suspended or debarred from doing business with the federal government. An AD-1048 must be completed and signed by each subrecipient and kept on file by the recipient. Additionally, the recipient should be made aware that they can check the Excluded Parties List to ensure that a sub-recipient is not debarred or suspended. That list may be accessed at www.sam.gov.

22.59 - Acquisition of Equipment

1. Roles and Responsibilities.

Both the G&A Specialist and Program Manager have roles and responsibilities regarding equipment purchased with Federal grant funds.

Program Manager. The Program Manager should work with the applicant or recipient to ensure that the proposed purchase of equipment is necessary and reasonable to complete the project proposed in the application. This includes a review of the Equipment Justification Form, FS-1500-34. As part of the justification review, the Program Manager should consider the impact the purchase of grant funded equipment may have in the affected community, particularly when the recipient is a for-profit entity. In locations where a competitive private industry exists, the Forest Service must justify why it is providing grant funds for equipment purchase. Forest Service financial assistance should only be awarded in areas where:

- a. Local capacity has been lost or is threatened to be lost,
- b. Particular capabilities needed by the Forest Service are lacking, and
- c. Commercial lending is unavailable.

There must be clear public need for the assistance. Forest Service funded equipment must not be used to unfairly compete in the open market. Approval or disapproval of the equipment should be noted on the Equipment Justification form and included in the official grant file.

Throughout the life of the grant, the Program Manager will maintain an in-house list of property for Forest Service management review. At closeout of the grant, the Program Manager will review the grant-funded equipment list and equipment condition with the recipient, and jointly plan for either continued use or its

disposition. All documentation relating to equipment purchased with grant funds will be placed in the official file.

When disposition of equipment is requested, the Program Manager will work with the recipient to determine fair market value as described below, and provide the proposed actions to the G&A Specialist for concurrence.

G&A Specialist. The G&A Specialist will assist the Program Manager as needed to provide direction regarding equipment justification, purchase, reporting, and disposition. The G&A Specialist will ensure that any required forms are completed and placed in the official file and attached in NRM. Upon disposition of equipment, the G&A Specialist will generate a bill for collection, if necessary, for the federal share of the fair market value and follow the collection process through completion in the financial system.

2. Justification, Forest Service approval. If a recipient anticipates purchase of equipment using Federal grant funds, the budget submitted for the grant must include a line item with requested funding for equipment clearly identified. The recipient must provide the following information in writing, or complete the Equipment Justification form, for approval prior to purchase of the equipment:

- a. Why federal funds are needed and non-federal funds cannot be utilized?
- b. Description of the proposed equipment (manufacturer, model number, special functionality, and so forth);
- c. Justification of why the equipment purchase is necessary to accomplish grant objectives and what research has been performed or practical experience gained that supports the choice of particular equipment?
- d. Comparison of lease vs. purchase; and
- e. List of available sources for the proposed equipment including an estimate of cost.

This requirement applies to all grantees, including states. The documentation, including the Program Manager approval, must be kept in the grant file and uploaded into NRM.

3. Uniform Commercial Code (UCC) Filing Requirement. The recipient will be required to provide evidence of a UCC filing with the applicable State government agency for each piece of equipment purchased with Federal grant funds. Recipient is required to update and maintain the necessary UCC filing in accordance with the applicable state rules and regulations to ensure notice of the government's interest in the equipment does not lapse. Renewal of UCC filings for equipment must be provided to the Program Manager. The cost for state filing is an allowable cost.

Evidence of filing will be provided at the time payment is requested for the equipment purchase. If the funds are advanced for equipment purchase, a draft copy of the UCC1 form will be provided with the request for advance payment. The evidence of filing will be due within 30 days or future grant payments will be withheld until the evidence of UCC filing is completed. The UCC filing is not a lien or claim to title, but rather records the Federal Government's interest in the piece of equipment. The recipient is expected to maintain the UCC filing until the fair market value is less than \$5,000, as independently verified both by the recipient and the Forest Service, or the equipment is otherwise disposed of following instructions from the Forest Service. A letter of release will be issued by the Forest Service regarding further federal interest when conditions warrant.

4. Title. Unless otherwise specified in the grant or cooperative agreement, title to the equipment acquired under an award vests in the recipient, subject to standard conditions. Those conditions include using the property for authorized grant purposes, not encumbering the property without the Forest Service approval, maintaining required UCC filings, safe-guarding the equipment, tracking the whereabouts, usage, and condition of the equipment, maintaining required documentation, and following disposition instructions.

5. Forms. The following forms are initially prepared by the recipient, and reviewed and approved by the Forest Service Program Manager. A copy of each form must be retained in the official grant file. Additionally, the recipient should keep a copy of each of the approved forms.

- a. Equipment Justification Form (FS-1500-35). If a recipient identifies purchase of equipment on the SF-424A Budget or associated budget breakdown, the Forest Service Program Manager should provide this form to the recipient to complete. Information about the equipment proposed for purchase must be provided, along with a justification of why the equipment is necessary to complete the work described in the grant narrative. A justification for purchase over lease should also be included. The Program Manager will indicate approval of the purchase on the form, and provide a copy to the recipient.
- b. SF-428, Tangible Personal Property (Coversheet). Recipients use this form along with one of the following attachments to comply with required reporting and to request disposition from the Forest Service.
- c. SF-428A, Annual Report. This form is used by recipients to provide annual or biennial inventory listings of equipment purchased with federal grant funds.
- d. SF-428B, Final Report Form. This form is used by recipients to provide an equipment report for closeout of Grants or Cooperative Agreements.

e. SF-428C, Disposition Request/Report. This form is used by recipients to request disposition Instructions for equipment acquired under Federal assistance awards at any time other than award closeout (for example, during the award period or after closeout as long as the Federal government retains an interest in the item).

f. SF-428S, Supplemental Form. This form may be used by recipients to provide detailed individual item information to supplement any of the forms above.

23 - Post Award Administration

23.1 - Post-Award Meeting

A post-award meeting is a useful tool to communicate roles and responsibilities with a recipient. The meeting should ideally occur within 30 days of execution of a new grant or cooperative agreement. Such meetings are especially appropriate for new recipients or recipients who have received multiple Forest Service awards. The purpose of the meeting should be to discuss significant provisions in the award, requirements contained in the governing OMB Circulars, and performance, goals, and milestones expected under the award. This is an opportunity to define each party's role and responsibilities and to answer any last minute recipient questions prior to commencement of work. The meetings may be held on-site, by telephone, or other remote means.

1. Multiple Award Recipients. For recipients with a history of compliance and with multiple new grants each year, one post-award review annually will suffice. It is recommended to have a post-award meeting at the beginning of the fiscal year to review current and new administration requirements, individual project goals, timelines of reporting, and desired outcomes of each award. The meeting should be collaborative in nature with the goal of ensuring the recipient has the necessary information and knowledge to meet Federal regulatory requirements and successfully complete each award objective. The G&A Specialist should be available to assist the Program Manager with conducting aspects of the meeting.

2. First-time or infrequent Recipients. For recipients that have never received a Federal award, or an infrequent recipient, the Forest Service Program Manager and/or G&A Specialist must hold a post-award meeting. The post-award meeting should cover the OMB Circulars, specific award provisions such as reporting and payment procedures, and performance expectations. The meeting may be held in person, via telephone, or through a video conference, so that questions may be asked and answered in real-time. Email or hard copy mail of documents alone is not an acceptable substitute. An infrequent recipient is defined as a grantee who has not received a grant or cooperative agreement from the Forest Service within the last five years. The G&A Specialist will be available to assist the Program Manager and may assist with conducting aspects of the post-award meeting. This may include verifying whether or not a recipient should be classified as first-time or infrequent grantee.

The post-award meeting should include, but is not limited to, the following elements:

1. Terms and conditions in the award document;
2. Review and discussion of the OMB circulars applicable to the award;
3. Reporting requirements;
4. Record-keeping;
5. Payment policies and procedures;
6. Programmatic expectations and milestones;
7. Prior-Approval Requirement (for example, subcontracts, subgrantees, travel or other cost elements, or key personnel;
8. If required, a review of the Civil Rights Program. See FSH 1709.11.
9. Any other information to assist the Grantee to effectively implement statutory, regulatory, and other requirements imposed on the grantee.

A summary of the meeting, including a list of attendees and topics discussed, must be placed in the official grant file and attached to NRM. Should a grantee refuse a post-award meeting, written documentation of refusal is required in the official file and attached to NRM.

23.2 - Payment Procedures

There are several considerations for payment processing. Most payments are made through the NRM system; however Northern Research Station and the Northeastern Area utilize HHS's Payment Management System (PMS). Use of PMS is limited to only those two units and is not available to other units.

For payments processed through NRM, recipients will complete and submit form SF-270, Request for Advance or Reimbursement, to the Albuquerque Service Center (ASC). They may submit the form via FAX, email or hard copy. A courtesy copy may be sent to the program/administrative contact identified in the Grant or Cooperative Agreement award document.

NRS and NA will review the payment reports generated from PMS against performance and financial reports to verify validity of payments.

23.21 - Standard Form (SF) 270, Request for Advance or Reimbursement

The Program Manager is responsible for approval of SF-270, and shall review the form to ensure the following elements are complete and correct as applicable:

1. Block 1a, Type of Payment Requested. This block reflects the type of payment allowed as defined and authorized by the Grant or Cooperative Agreement (advance and/or reimbursement).
2. Block 2, Basis of Request. The recipient should indicate if they use cash or accrual based accounting system. Any request for advance must be on a cash basis.
3. Block 3, Federal Sponsoring Agency and Organizational Element to Which This Report is Submitted. This block reflects that the Federal sponsoring agency is the Forest Service, and may include the unit or department - US Forest Service, Mt Hood National Forest for example.
4. Block 4, Federal Identifier Number. This block displays the Forest Service Federal Identifier Number, as shown on the award. The format should match this example, 13-DG-11132544-333.
5. Block 5, Partial Payment Request Number for This Request. This block is for the consecutive payment number. If only one payment is requested for the full amount at the end of the award, this may be blank or may be #1.
6. Block 6, Employer Identification Number. This block displays the recipient's employer/taxpayer identification number (may not be applicable for some international recipients).
7. Block 7, Recipient's Account Number or Identifying Number. This block is optional and may be used by the recipient for internal tracking or identification.
8. Block 8, Period Covered by This Request. This block shows the period covered by the payment request, not the total performance period stated on form SF-424. Payment may not be requested for a period preceding the Grant or Cooperative Agreement start date unless pre-awards costs have been authorized in the award document. Incorrect dates in this block will cause the payment request to be rejected by the Albuquerque Service Center.
9. Block 9, Recipient Organization. This block should show the complete name and address of the recipient.
10. Block 10, Payee. This block should only be used if the payment address is different than that displayed in Block 9. This should generally be left blank.

11. Block 11, Computation of Amount of Reimbursements/Advances Requested.

Following is a detailed explanation of this section. If the recipient is only requesting an advance, then Block 11 should be left blank and only Block 12 should be completed. If they have previously requested an advance and need to liquidate the advance and request reimbursement for expenses not covered by the advance, then they should complete Block 11.

- a. Block 11a, Total Program Outlays to Date. This block includes all expenses incurred from the start date of the Grant or Cooperative Agreement to the date of the recipient's payment request. Total program outlays consist of all of the recipient's actual expenditures on the grant funded project or program to date of their request (not just the Forest Service's share of actual expenditures). The value of in-kind contributions should not be included but should be displayed in a separate column or in the "agency use" section.
- b. Block 11b, Cumulative Program Income. This block should only be completed if there is program income that will be deducted from the Federal share. Anticipated program income should be captured and addressed in the award document and associated budget. If amounts are included in this block, and the award and budget are silent, it must be discussed with the recipient prior to processing the payment request.
- c. Block 11c, Net Program Outlays. Ensure this block subtracts correctly line 11b from line 11a (for deduction alternative only). Generally, this block equals Block 11a.
- d. Block 11d, Estimated Net Cash Outlays for Advance Period. This block should only be used if requesting an advance payment. This is the estimated amount of expenses that will be covered by the requested advance.
- e. Block 11e, Total. This block shows the total expenditures, less any deducted program income, and including anticipated expenses to be covered by an advance. Typically, this block is the same as Blocks a and c.
- f. Block 11f, Non-Federal Share of Amount on Line e. Block 11f reflects the recipient's share of total program outlays to date. If there is no match required for the grant, then this may be zero.
- g. Block 11g, Federal Share of Amount on Line e. Block 11g, reflects the Forest Service share of total program outlays to date. This amount should be commensurate with work performed as described in the performance report for the same time period.

The total of Blocks 11f and 11g must equal the Total in Block 11e.

- h. Block 11h, Federal Payments Previously Requested. This block displays the total Forest Service payments to date under the Grant or Cooperative Agreement. The number should be equal to Block 11g on the previous SF-270. This block must be blank on the initial request.
- i. Block 11i, Federal Share Now Requested. Ensure this block subtracts correctly line 11h from line 11g. The Program Manager should check to ensure the payment requested does not exceed the available balance of funds awarded and obligated. Invoices that exceed the total amount obligated under the award must be rejected.
- j. Block 11j, Advances Required by Month, When Requested by Federal Grantor Agency for Use in Making Prescheduled Advances. Ensure this block is left blank.
12. Block 12, Alternate Computation for Advances Only. This block is used to request advance payments.
- a. Block 12a, Estimated Federal Cash Outlays That Will be Made During Period Covered by the Advance. This block includes the amount that the recipient anticipates will be expended during the advance period. Recipients may request an advance of funds to cover up to 30 days of expenses. This number should equal the number in Block 11d, unless this is an initial request for advance.
- b. Block 12b, Estimated Balance of Federal Cash on Hand as of Beginning of Advance Period. This block displays the balance of any advanced funds received for this Grant or Cooperative Agreement.
- c. Block 12c, Amount Requested. Ensure this block subtracts correctly 12b from 12a. If the request for advance payment seems excessive relative to the total project cost for the period covered by the payment request, then SF-270 should be questioned. An obvious example is when the payment request is equal to the total award amount. This may indicate that the recipient is billing for the full amount of Forest Service funding when the funding may not be disbursed within 30 days. In these cases, contact the recipient and ensure that the funding requested is justified. If the payment amount is not justified, then do not approve the amount listed on SF-270. In such cases, the Program Manager should inform the recipient to submit a corrected form SF-270.
13. Block 13, Certification. This block must be signed and dated by an authorized representative of the recipient.

23.22 - Other Considerations

After reviewing the information entered on SF-270, the Program Manager should verify that the work performed correlates with the amount of reimbursement requested. Similarly, the Program Manager should be aware of upcoming activities of the recipient prior to approving a request for an advance.

23.23 - Payment Approval

If all of the information entered on SF-270 is correct and the work is performed and completed, then the Program Manager approves the payment request in NRM. These actions document Agency approval of the payment. Program Managers have 7 calendar days from the date of NRM notification to approve or reject an invoice.

23.3 - Equipment Oversight and Management During the Grant Period

23.31 - Managing Equipment During the Grant Period

1. Records. Property records must be maintained for each piece of equipment purchased with Federal funds. Records should include:
 - a. Description of Equipment - Includes manufacturer, manufacturer's serial number, model number and any other identification;
 - b. Purchase information - Acquisition date (or date received, if the equipment was furnished by the Forest Service), unit acquisition cost and receipt;
 - c. Location and Condition - Location and condition of equipment, hours of operation, if applicable, and the date the information was reported;
 - d. Major repairs or upgrades that may affect the fair market value or alter the value of the federal share;
 - e. Federal interest share and UCC filing; and
 - f. Disposition data, as applicable.
2. Inventory/Reporting. A physical inventory of equipment must be completed every two years. The SF-428 and associated SF-428A must be submitted to the Forest Service Program Manager for review and insertion in the official file.
3. Maintenance. The recipient will ensure that adequate maintenance procedures are in place to keep the equipment in good condition, and provide for security from theft or vandalism in accordance with common and accepted industry practices.

4. Insurance. The equipment operated by public or non-profits entities should be insured in accordance with sound business practices, and the rates should be reasonable for the equipment insured. Insurance coverage for equipment purchased with federal funds must be at least equivalent to that obtained for the recipient's own equipment or property. The cost of insurance for equipment is an allowable cost, and may be direct or indirect.

5. Use. The equipment is to be used for the project or program for which it was acquired. It may be made available for use on other programs or projects supported by the Federal government, as long as that work does not interfere with the primary purpose of the acquisition. It may also be used on non-Federal programs or project for similar work. The equipment must not be used to provide services for a fee that will compete unfairly with private companies that provide equivalent services. Any income or equivalent earned from the lease or rental of the grant funded equipment is considered program income, and must be addressed in the grant budget, or subsequent modification.

6. Trade-in. Subject to approval of the Forest Service Program Manager, the recipient may use the equipment purchased with Federal funds as a trade in for replacement equipment. The Federal share of the replacement will be calculated by applying the Federal percentage of the purchase of the original equipment against the trade in value. That value will be used to calculate the percentage of the Federal share of the replacement equipment based on the total purchase price.

7. Encumbrance. As long as there is Federal interest, the recipient shall not encumber the equipment purchased with Federal funds and will ensure that the government's interest in the equipment is recorded in accordance with the UCC.

23.32 - Forest Service Tracking of Equipment

Forest Service Program Managers will record equipment purchased with Federal grant funds in the NRM system. Only equipment purchased by a state agency will be excluded, as the OMB circulars allow for a state to acquire, manage, and dispose of equipment purchased with federal grant funds following state rules and regulations.

Data elements recorded in NRM include:

1. Make, model, and serial number (or other identification information);
2. Purchase date;
3. Purchase price and copy of the receipt;
4. Federal share of purchase;

5. Location of equipment;
6. Date of last SF-428 received;
7. Cost incurred for any major repairs or upgrades; and
8. Additionally, a copy of the UCC filing will be uploaded into NRM.

Note, as this chapter was written the Equipment Tab was still in development in NRM. Until the Equipment Tab is fully developed, the information captured above should be uploaded into NRM attachments as a document and titled appropriately.

23.4 - Financial Reports

Ensure that recipients complete and submit SF-425, Financial Status Report, to the Forest Service program and administrative contacts identified in the Grant or Cooperative Agreement. The reports are due no more frequently than quarterly, and must be submitted at least annually, as required in the Financial Reporting Provisions in the award document. Establish the due date for quarterly reports at 30 days after the close of the reporting period and 90 days after the close of the period for an annual or final report.

23.41 - Form SF-425, Financial Status Report

The Program Manager is responsible for review and approval of SF-425, however if questions about the information provided arise, the G&A Specialist and the Audit and Assurance Branch at the Albuquerque Service Center are available to provide assistance.

Instructions for completing the individual elements on the SF-425 are available for download with the form and are very thorough. Those instructions will not be duplicated here, but may be found at http://www.whitehouse.gov/omb/grants_forms/.

23.42 - Additional Form SF-425 Analysis

Reviewing the SF-425 (in comparison to form SF-270) is one of the few opportunities available to assess recipient progress or financial difficulties. The SF-425 is required to provide the Forest Service with information to help determine if the recipient's project and spending patterns are consistent with milestones and spending projections shown in SF-424A and narrative of the Grant or Cooperative Agreement. If the recipient is paid in advance, then the SF-425 should indicate whether the recipient is holding excess cash, and in cases where the recipient earns program income, it should reveal a rate of disbursement. Certain adjustments in performance and/or payments may be needed if discrepancies are found.

23.5 - Recipient Performance Reports

See section 15.61 of this handbook.

23.51 - Subrecipient Monitoring and Management

Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall also monitor subawards to ensure subrecipients have met the audit requirements.

Recipients must evaluate weaknesses in subrecipient's internal controls and financial systems prior to award through a review of:

1. Prior experience with similar awards
2. Results of previous audits.
3. Personnel changes or substantial changes in systems.
4. Extent and results of any Federal award monitoring (if the subrecipient also receives direct awards).

Monitoring of the activities of a subrecipient will ensure that Federal funds are used for authorized purposes and are in compliance with the terms of the award and all applicable regulations. Monitoring elements should include a review of financial and programmatic reports to ensure accountability, compliance, and achievement of performance goals.

The recipient must verify that every subrecipient is audited as required under A-133 if applicable, and consider any necessary action based on the results of that audit.

23.6 - Forest Service Monitoring, Site Visits, Audits, and Reviews

All reviews should be documented in NRM and in the official file.

23.63 - Program Reviews

The Forest Service or its representatives may conduct program reviews at any time. These reviews provide assurances or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices.

Performance reviews provide objective analysis so that Program Managers and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties responsible to oversee or initiate corrective action, and contribute to public accountability.

If a review identifies problems, the Program Manager and the G&A Specialist must work with the recipient on corrective actions or finding resolution to ensure that federal funds are protected. If corrective measures are not implemented and followed up on, the effort and

resources expended to conduct the audit are possibly wasted. Finding resolution may result in both cost disallowance and requirements for corrective action by the recipient.

23.7 - Financial Reviews

See section 15.7 of this handbook.

24.72 - Remedies for Non-compliance

See section 17 of this handbook.

24 - Modifications

Certain types of post-award revisions to the budget or programmatic scope of work require written requests by the recipient and written approval by the Forest Service prior to implementation of the requested change. Specific details regarding costs and other changes to the award requiring prior approval are found in 2 CFR 200. Since the requirements are spread across multiple regulations, it is important that the prior-approval requirements are addressed in the post-award meeting. Prior approvals are necessary to ensure the Forest Service maintains its stewardship responsibilities over the award and federal funds. Section 24.12 of this handbook provides a list of the most common revisions to the award which require prior approval request from the recipient and written approval from the Forest Service.

24.1 - Modification Requests

1. Recipient Request for Revision. Grantees may request changes to the award at any time during the period of performance. Grantees shall address their requests for programmatic changes and/or budget revisions to the Program Manager for consideration and approval. G&A Specialists are responsible for reviewing and certifying modification requests approved by the Program Manager. Recipient's modification requests shall not be valid unless they are in writing, although submission may be via email. Within 30 days from receipt of the requests for approval, the Program Manager shall review the request and notify the recipient of its decision. If the request for approval is still under consideration at the end of 30 days, the Program Manager shall inform the recipient in writing as to when to expect the decision.

Ensure that the grantee forwards the applicable documents that reflect the desired changes for Forest Service consideration. Modifications to an existing Grant or Cooperative Agreement require a recipient to submit only those forms which need to be modified as a result of the proposed changes. For example, if a proposed change involves a cost increase or decrease, then the recipient must submit a revised form SF-424, form SF-424A, and budget narrative or supplemental cost information, and scope of work for only those costs associated with the change. The budget changes may be shown cumulatively or separately, whichever provides the clearest tie to the

narrative or scope of work. Any subsequent budget modifications must follow the same method, cumulative or separate, to ensure a clear funding trail.

If the change is simply an update or modification to the scope of work, or notification of a change in personnel, it is not necessary to submit a form SF-424, only the revised scope of work or narrative with a cover letter requesting the modification. However, if the requested modification is to the expiration date, then an updated form SF-424 is required.

2. Forest Service Initiated Modification to the Award. There are instances where the Forest Service may initiate a modification to the award. This may occur when:

- a. Changes in Forest Service Principal Contact.
- b. New appropriation language or national policy implementation requiring new language in the award letter or new procedure for example, form.
- c. Reduction of funding due to Fire Transfer.

24.12 - Programmatic Changes and Budget Revisions

The following is a summary of prior approval requirements for recipients under grants and cooperative agreement.

1. Programmatic Revisions and Administration Changes.

- a. No-cost extensions.
- b. Administrative changes.
- d. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- e. Change in a key person specified in the application or Federal award document.
- f. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
- g. Unless described in the application and funded in the approved award letter, the subaward, transfer or contracting out of any work under a Federal award. This does not apply to the acquisition of supplies, material, or general support services.
- h. Changes in principal investigator or project leader or their scope of effort must receive the prior approval of the Federal awarding agency.

2. Budget Revisions.

- a. Increase or decrease in Federal funding to complete the original scope of work or modified scope of work. For additional funding, the Program Manager shall strive to retain a contribution ratio (if one exists and is legislatively directed) based on the prorated shares defined in the basic Grant or Cooperative Agreement.
- b. A reduction in the amount of approved cost-sharing or matching provided by the non-Federal entity.
- c. The transfer of funds among direct cost categories for awards in which the Federal share of the project exceeds \$100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total project or program budget. The Forest Service shall not permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation.
- d. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expenses.

24.2 - Modification Procedures

24.21 - Evaluating Modifications

In evaluating the modification request, each document needs close review and analysis to ensure that the proposed changes comply with the scope of the initial Grant or Cooperative Agreement, cost increases or decreases are reasonable and justified, and the recipient has completed the required forms.

1. Review of SF-424 or SF-424 R&R, Application of Federal Assistance. Each block on SF-424 should be reviewed to ensure the information is accurate and complete. Refer to section 23.52 of this chapter for instructions to complete the form.
2. Allowable Cost. G&A Specialist shall review the reasonableness, allowability, and allocability of costs in accordance with the cost principles prescribed in section 23.52, 3c of this chapter and the provisions of the award letter.
3. Performance Period. If work under the modification will occur between the start and ending date on the original SF-424 (or SF-424 R&R) and award document, then the start and ending dates on the revised SF-424 should be left blank and the work noted in the project narrative/timeline. If work under the modification is expected to exceed the ending date on the original SF-424 (or SF-424 R&R) and award document, then the new ending date should be on the revised SF-424 (or SF-424 R&R).

4. Other Considerations. During the performance of a Grant or Cooperative Agreement, there may be a need for additional or more frequent reporting requirements than those originally prescribed in the award document (for example: the frequency of financial or performance reporting). If this is the case, then a modification may be initiated to add these requirements or include them in a recipient's proposed modification.

24.22 - Formatting Modifications

Once the Forest Service is satisfied that all elements are complete, the award modification documents may be prepared. Use the Modification template, FS-1500-19, which is found on the Washington Office AQM G&A intranet Web site. Incorporate the documents submitted for modification as part of the modification package.

24.23 - Execution and Distribution of Modification

When the complete modification award package is assembled, the following steps should be taken:

1. Execute the modification in accordance with section 15.8 of this handbook.
2. Distribute the executed modification package. Scan and attach electronic copies of the executed modification, including supporting documents, in NRM and send copies to the recipient. Keep the fully executed modification document with the official file.
3. For International Grants, work with International Program to follow procedures to obtain State Department approvals, if applicable. See section 22.23 Case-Zablocki Act for guidance.

24.3 - Recipient Failure to Request Prior Approval

Failure on the part of the recipient to obtain prior approval when required may result in disallowance of costs. Even where the recipient has authority for re-budgeting actions, if it is determined, through audit or otherwise, the costs do not meet the required tests of allowability, allocability, applicability, or reasonableness, the cost may be disallowed.

24.31 - Resolving Failure to Request Prior Approval

Once identified that a recipient has made a change to the Grant or Cooperative Agreement budget or project without receiving required prior approval, the Program Manager should contact the recipient requesting an explanation. Depending on the circumstances, the Program Manager may grant retroactive approval, if that approval would have been given had the recipient properly requested the change. A corrective action plan should be developed by the recipient to document that internal controls and procedures are implemented to prevent the situation occurring in the future.

24.32 - Ratifications

See section 15.9 of this handbook.

25 - Award Closeout

25.1 - Closeout

The Program Manager will close out the Federal award when they determine that all applicable administrative actions and all required work described in the narrative or scope of work has been completed by the recipient. This section describes the actions the recipient and Forest Service must take to complete this process at the end of the period of performance.

1. Recipients shall submit, within 90 calendar days after the expiration date of the award, all financial, performance, and other reports as required by the terms and conditions of the Federal award or subaward. The Program Manager may approve extensions when requested by the non-Federal entity. If the activities funded by the Federal award are completed prior to expiration, the recipient may begin the closeout process by submitting reports marked final and notifying the Program Manager.
2. Unless the Forest Service authorizes an extension, a recipient shall liquidate all obligations incurred under the Federal award not later than 90 calendar days after expiration date of the award.
3. The Forest Service shall promptly process any requests for reimbursement submitted to close out an award.
4. The recipient shall promptly refund any balances of unobligated cash that the Federal awarding agency paid in advance, or paid and that is not authorized to be retained by the non-Federal entity for use in other projects. OMB Circular A-129 governs unreturned amounts that become delinquent debts.
5. Consistent with the terms and conditions of the award letter, the Forest Service shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.
6. The recipient shall account for any real and personal property acquired with Federal funds or received from the Federal government.
7. Program Manager and G&A Specialist should complete all closeout actions for Federal awards no later than one year after the period of performance end date.

25.2 - De-obligation of Funds and Close-out

See section 16.2 and 16.3 of this handbook.

25.3 - Equipment

25.31 - Equipment Disposition

1. Grantee purchase of Forest Service share. At any time, the recipient may choose to “buy out” the Federal share of the equipment purchased with Federal funds.
 - a. The recipient will complete an SF-428-C, Disposition Request and submit it to the Forest Service Program Manager.
 - b. Obtain the fair market value for the equipment using accepted industry standards for a competitive market. It may be necessary to get several quotes to establish a true value that is equitable to both the recipient and the Federal Government.
 - c. Determine the percentage of the Federal government share based on percentage of the acquisition cost. In many instances, this may be 100 percent.
 - d. Apply the percentage to the fair market value to determine the amount the recipient must reimburse the Forest Service.
 - e. If the grant record is open, the Program Manager or G&A Specialist will enter an Expenditure Refund in the NRM record for the repayment amount. This will generate a Bill for Collection to the recipient. Payment is due within 30 days of the issuance of the bill. If the Grant or Cooperative Agreement has been closed, then the Program Manager or G&A Specialist will request a Bill for Collection from the Albuquerque Service Center.
 - f. On receipt of payment, the Forest Service will provide a release of the Federal interest in the equipment. The recipient may then remove the Forest Service as a Secured Party on the UCC filing.
 - g. If the grantee no longer has a use for the equipment purchased with Federal funds, there are several options available. In any of the instances below, the recipient shall be entitled to compensation for its attributable percentage of the current fair market value (and cost of any improvements) of the equipment.
2. Transfer to Others. If the grantee no longer has use for the equipment purchased with Federal funds, the Forest Service may facilitate transfer of the equipment to another party to continue other work funded by Federal grants. The Forest Service will document the approval of the equipment transfer through letter. One letter to the primary recipient will release responsibility for the equipment once the transfer is complete. A second letter will be sent to the new recipient, detailing all of the requirements associated with receipt of the grant funded equipment. Transfer of ownership will be made through the method prescribed in that state where the equipment is held. If there is a title to the equipment, then the title shall be transferred from the recipient to the Forest Service designated recipient following transfer

procedures in the primary recipient's state. If there is no title, then a bill of sale shall be prepared and processed following state procedures even though no money changes hands. UCC filing must be changed to reflect the new owner of the equipment and the government's interest in the equipment. A copy of the new or amended UCC filing must be provided to the Forest Service within 30 days.

3. Return to Forest Service. The Forest Service may choose to transfer the title to the Federal government. The Program Manager must work with the Property Management Officer (PMO) to either bring the equipment into the Forest Service property management system, or dispose of the equipment through the established excess property process.

4. Sale. The Forest Service may direct the recipient to sell the equipment. Valuation and sale will follow best business practices. The recipient and the Forest Service Program Manager will work together to consider the most mutually beneficial method of disposition, whether it be advertising and sale, auction, salvage, or other method. The Forest Service will be reimbursed for their percentage of the original purchase, less credit to the recipient for major repairs or upgrades, from the proceeds of the disposition.

5. Bankruptcy. Occasionally, a recipient that has used Federal grant funds to purchase equipment files for bankruptcy. If the Forest Service required a UCC filing, naming the Forest Service as a Secured Party, then the equipment is not subject to seizure to settle the recipient's debts. The Forest Service, working with and through the bankruptcy court, may take action to dispose of the equipment following one of the methods above. If there is no evidence of a UCC filing, the Forest Service will contact the bank or other institution to arrange a mutually satisfactory solution. In the absence of a UCC filing, the Forest Service will have limited to no recourse or claim to the equipment.

6. Non-reservation of Title. If purchase of equipment was approved in the Grant or Cooperative Agreement, and the award document did not provide for the transfer of equipment title back to the Forest Service, then the Program Manager will request an inventory of equipment acquired in part or in whole with Federal funds, no less than every 2 years, following the regulations in the OMB Circular. In the inventory listing, include each item's current fair market value, the type of funding used to purchase each item (Forest Service versus recipient), and the intended future use from the recipient. Recipients may request to keep the equipment and use it for the original intended purpose or dispose of it. After review of the recipient's equipment list, the Forest Service will issue written disposition instructions within 120 days. The Forest Service may grant approval to the recipient to retain and use the equipment in the project or program for which it was acquired, or approve the recipient to dispose of the equipment and return to the Forest Service its share of the current fair market value realized upon the sale of the equipment or transfer to a third party.

7. Reservation of Title. If the purchase of equipment was approved in the Grant or Cooperative Agreement, and the award document reserved the right to transfer title back to the Forest Service, then request an inventory of equipment acquired in part or in whole with Federal funds. The inventory listing should include each item's current market value, and the type of funding used to purchase each item (Forest Service versus recipient).

After review of the recipient's equipment list, Forest Service issues written disposition instructions within 120 days. The Forest Service may direct recipients to return equipment acquired in part or in whole with Federal funds to the Forest Service, other Federal agencies, or a designated third party. Compensate recipients for their proportionate share of current fair market value and shipping costs, for equipment purchased in part with their funds.

25.32 - Equipment Close-out

Prior to close out of the Grant or Cooperative Agreement, the Forest Service Program Manager will draft a letter to the grantee with instructions regarding use and disposition of equipment purchased with Federal funding:

1. Recipient use. The recipient is encouraged to use the equipment for the program or project for which it was acquired beyond the funding period of the grant, rather than ceasing work at the end of the grant period.
2. Use by others. The equipment may be used by others as described in F.5, above. Any program income earned from rent of the equipment may be retained by the recipient without obligation to the Forest Service. The regulations regarding unfair competition remain in effect after the grant is closed, as long as there is a federal interest in the equipment.
3. Inventory/reporting. The recipient shall continue to inventory and report on the equipment purchased with Federal funds using a SF-428A, Annual Report, on a biennial basis (every two years). The inventory and reporting will continue until the Forest Service Program Manager approves disposition.

25.4 - Residual Supplies Closeout

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value at the end of the Grant or Cooperative Agreement, and if any of the supplies are not needed for another federally funded program or project, the recipient will compensate the Forest Service for its share. The Forest Service's share will be computed in the same manner as for equipment.

25.5 - Official File-Closed

See section 16.4 of this handbook.

26 - Audit

26.1 - Single Audit

This section outlines the requirements outlined in the Single Audit under the OMB Circular (which implements the Single Audit Act as amended, 31 USC 75501-7507). Recipients that expend more than \$500,000 (\$750,000 after January 1, 2015) in federal funding a year shall have an independent auditor perform a single or program-specific audit for that year. The OMB Circular covers all recipient types except for-profits. A single audit is an organization wide audit that focuses on the recipient's internal controls and compliance with laws and regulations governing federal awards and should be viewed as a tool that raises relevant or pertinent questions rather than as a document that answers all questions." Per Government Accountability Office (GAO-02-376), the Single Audit determines whether the financial statements of the audited entity fairly present the organization's financial position, operations results, and cash flow in accordance with generally accepted accounting principles (GAAP). Prior to executing an award, it is important to check the Federal Audit Clearinghouse at harvester.census.gov/sac/ to ensure the recipient has had the required yearly single audit.

The Single Audit Act and the OMB Circular state that costs of audits are allowable charges to federal assistance programs unless prohibited by law. This charge may be either direct or indirect cost. It is important to review award documents to ensure that costs are not charged to both direct and indirect costs. This would be considered double charging or double dipping of federal funds. Furthermore, the percent of audit costs to federal assistance programs should not exceed the percentage of funds expended which represent federal money. If additional work is required to satisfy the OMB Circular requirements, a high percentage of audit cost may be attributed. However, the burden of proof rests with the recipient to establish that additional costs are warranted.

The recipient has four primary audit responsibilities: hiring the auditor, providing documentation to the auditor, assembling the audit reporting package and submitting it to the Federal Audit Clearinghouse, and following-up or taking corrective action on audit finding(s), when applicable. Whenever possible, the recipients should make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services, as applicable. In requesting proposals for audit services, the objectives and scope of the audit should be made clear. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of external quality control reviews, and price.

29 - Samples [Reserved]