

DNRC SUBAWARD AGREEMENTS

This publication is funded in part by a grant
from the U.S. Forest Service, Department of Agriculture.

DNRC is an equal opportunity provider.

**THINGS TO KNOW ABOUT
THE SUBAWARD AGREEMENT
BEFORE SIGNING**

THE SUBAWARD AGREEMENT ...

- documents the relationship between DNRC and the subrecipient.
- describes each party's roles and responsibilities.
- is a **legal contract and binding document.**

Subrecipients are expected to comply with all its terms.

FOR DNRC USE ONLY						
Maximum amount under this Subaward Agreement: \$275,000.00						Subaward # <u>WSF-14-020</u>
						Amendment # <u>N/A</u>
<u>Source(s) of Funds</u> USDA FS Grant # 15-DG-11010000-018; CFDA # 10.664						Approved by
						FD - Fiscal <u>AB</u>
						Legal <u>CD</u>
						Project Manager <u>EF</u>
						FOR DIV _____
<u>Fund</u>	<u>Subclass</u>	<u>Org</u>	<u>Percent</u>	<u>Amount</u>	<u>Expiration</u>	<u>Amendment</u>
23456	55512	78910	100%	\$270,000.00	01/01/2014	N/A
Workers Comp: <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Attached <input type="checkbox"/> Exempt <input type="checkbox"/> Will be forwarded						

**HAZARDOUS FUELS PROGRAM SUBAWARD AGREEMENT
SMITH MOUNTAIN FOREST AREA**

This Subaward Agreement (Subaward) is accepted by Best Forest Practices Group, hereinafter referred to as the "Subrecipient," Federal ID No.12-3456789, DUNS# 012345678, and represented by Louie Penny, Executive Director, 123 Main Street, Forest Park, Montana 50000-1234, telephone (406) 123-4567, according to the following terms and conditions.

This Subaward, awarded and administered by the Montana Department of Natural Resources and Conservation (DNRC), is consistent with the policies, procedures and objectives of the Cooperative Forestry Assistance Act of 1978, Public Law 95-313, as amended. This Subaward is awarded under federal grant 15-DG-11010000-018, Consolidated Payments Grant, executed on 10/01/2011, from the United States Department of Agriculture - Forest Service (USFS) and Catalog of Federal Domestic Assistance (CFDA) number(s) 10.664, "Cooperative Forestry Assistance."

THE SUBAWARD AGREEMENT ...




FEDERAL GRANT ADMINISTRATIVE RULES

- Subrecipients of federal grant funds **must** comply with *the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), published by the federal Office of Management and Budget (OMB).
- The Uniform Guidance is consolidated in the Code of Federal Regulations, Title 2, Part 200, Subparts A through F and appendices, collectively known as “2 CFR 200,” online at www.ecfr.gov.

MORE ABOUT THE UNIFORM GUIDANCE

The Uniform Guidance establishes requirements for financial management systems, procurement procedures, reports and records, and subaward closeouts.

Compliance with these requirements **is a condition** of receiving federal grant funds.



Electronic Code of Federal Regulations

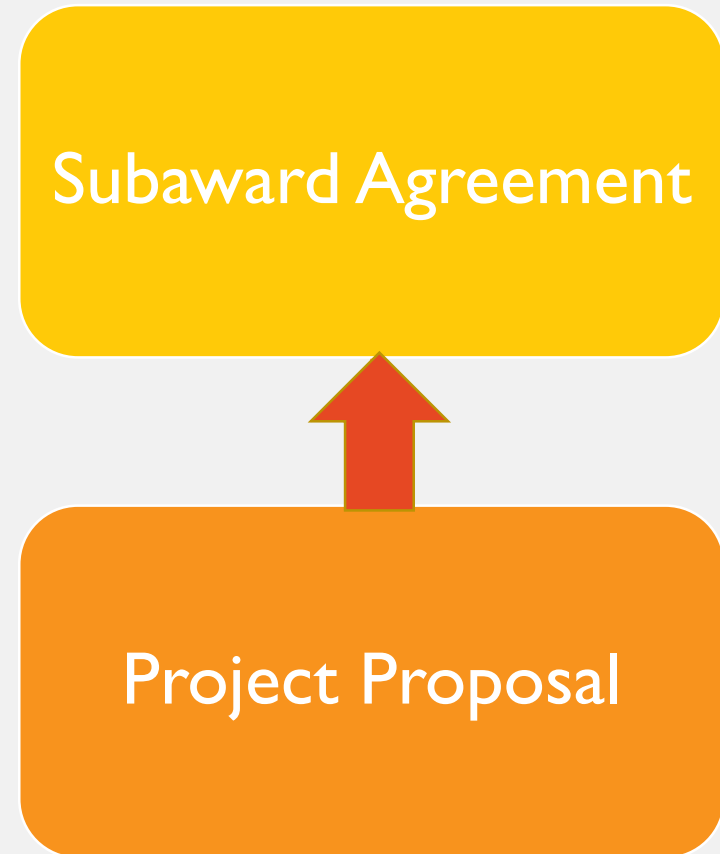
e-CFR data is current as of **January 12, 2018**

<i>Title</i>	<i>Volume</i>	<i>Chapter</i>	<i>Browse Parts</i>	<i>Regulatory Entity</i>
Title 2 Grants and Agreements		1	Subtitle A—Office of Management and Budget Guidance for Grants and Agreements	
			1	OFFICE OF MANAGEMENT AND BUDGET GUIDANCE FOR GRANTS AND AGREEMENTS
		II	2-199	OFFICE OF MANAGEMENT AND BUDGET GOVERNMENTWIDE GUIDANCE FOR GRANTS AND AGREEMENTS
		II	200-299	OFFICE OF MANAGEMENT AND BUDGET GUIDANCE

SUBAWARD AGREEMENT VERSUS THE ORIGINAL PROJECT PROPOSAL

Note that the project scope and budget in the subaward agreement may differ from what was presented in the project proposal.

In the case of a discrepancy, the subaward agreement **supersedes** the project proposal.



THE SUBAWARD OVER TIME ...

Different sections of the subaward agreement will be more relevant at different points of the project. For instance, the subaward contains information about ...



requesting changes to the project budget.



assembling documentation for disbursement requests.



requesting an extension or other amendment to the agreement.

UNDERSTANDING THE SUBAWARD AGREEMENT

The DNRC program manager and grant staff are available to help with understanding the terms of the subaward.

However, subrecipients may also need to consult with their own **legal or accounting staff** to help interpret some of the subaward terms and conditions and determine how best to comply with them.

SUBAWARD AMENDMENTS

When to request an amendment to a subaward agreement

THE MOST COMMON REASONS TO AMEND A SUBAWARD AGREEMENT

To extend the term
of a subaward
agreement:

more time is needed to
finish the project.

SECTION 2. TERM. This Subaward is effective on the date of last signature. **The Subrecipient shall have until January 1, 2020,** to complete the project and work described in **Section 4 Project Scope.** The DNRC may pursuant to Section 18 Agreement Extension grant an extension for completion upon request and showing of good cause by the Subrecipient.

THE MOST COMMON REASONS TO AMEND A SUBAWARD AGREEMENT

To change the scope of the project:

A subrecipient would like to do something substantially different from what is outlined in the agreement.

SECTION 4. PROJECT SCOPE. (a) The Subrecipient must use the proceeds provided pursuant to this Subaward to perform allowable activities under the Program. **The key outcome of the project is completion of a public tree inventory of Green Willow Wildlife Area.** (b) The Program Development Project Proposal submitted by the Subrecipient attached hereto as Appendix A describes the projects and activities to be performed by the Subrecipient and required dates of completion.

THE MOST COMMON REASONS TO AMEND A SUBAWARD AGREEMENT

To modify the subaward budget:

A significant portion of the budget must be increased, decreased, or moved to a different category.

SECTION 5. PROJECT BUDGET. Subaward funds are allocated to the following budget categories:

<i>Project Funding Summary:</i>	
Direct Costs	
Subrecipient salary/wages/benefits	\$10,100
Operating Expenses	\$4,800
Payments to Landowners (Beneficiaries)	\$57,000
Contracted Services	\$19,000
Subtotal – Direct Costs	\$90,900
Indirect Costs (10.00%)	\$9,100
Total Subaward Amount	\$100,000
Match Required (1:1) or other ratio	\$100,000
<i>Total Project Funding:</i>	\$200,000

CHANGING THE SUBAWARD BUDGET

Subrecipients must request DNRC approval when **significant changes to the budget** are anticipated.

MAJOR BUDGET ADJUSTMENTS

- Significant budget transfers require a **written amendment**.
- The subaward agreement describes this process and defines what constitutes a “significant” transfer — generally a percentage of the value of the agreement.

SECTION 5. PROJECT BUDGET. Subaward funds are allocated to the following budget categories:

<i>Project Funding Summary:</i>	
Direct Costs	
Subrecipient salary/wages/benefits	\$35,000.00
Operating Expenses	\$10,000.00
Payments to Landowners (Beneficiaries)	\$200,000.00
Contracted Services	\$5,000.00
Subtotal – Direct Costs	\$250,000.00
Indirect Costs (10.00%)	\$25,000.00
Total Subaward Amount	\$275,000.00
Match Required (2:1) or other ratio	\$137,500.00
Total Project Funding:	\$412,500.00

This Subaward requires a match of 2:1 of federal to non-federal funds. No federal funds may be used to satisfy the match requirement of this Subaward.

Match required will be provided by Landowners (Beneficiaries) in the form of cash contribution or in-kind services related to the project. Claimed match must be sufficiently documented to show compliance with federal requirements and to demonstrate how it supports the subaward project. DNRC will determine whether match documentation submitted is adequate and may require additional documentation before approval.

The indirect cost rate is shown above, expressed as a percentage of indirect costs to direct costs. Unless the rate has been formalized in a Negotiated Indirect Cost Rate Agreement (NICRA) between the Subrecipient and its cognizant federal agency, the rate shown above is hereby approved by DNRC for the term of this Subaward and may not be changed except via written amendment.

Subrecipient may transfer up to ten percent (10%) of the total Subaward amount between Direct Costs budget categories as needed to complete the project. The Subrecipient must notify DNRC of such transfers. Transfers between budget categories in excess of ten percent (10%) of the Subaward amount must be requested by the Subrecipient, approved by DNRC, and documented in an amendment to the Subaward.

IF A MAJOR ADJUSTMENT IS NEEDED ...

- A subrecipient should contact the DNRC program manager to begin the process of requesting and obtaining an amendment to the subaward.
- DNRC may or may not approve the changes.
- In most cases, significant changes to the spending plan **must not occur** until the amendment is in place.

**AMENDMENT #2
TO SUBAWARD AGREEMENT #HZF-16-017**

FOR DNRC USE ONLY

Maximum amount under this Subaward Agreement: \$77,000.00		Agreement # HZF-16-017
Source of Funds USDA FS Grant # 15-DG-11010000-009; CFDA # 10.664		Amendment # 2
		Approved by
		Fiscal AB
		Legal CD
		Program EF

Fund	Subclass	Org	Percent	Amount	Expiration	Amendment
03565	555UV	50399	100%	\$77,000.00	See Sect. 2	#2

Workers Comp N/A Attached Exempt Will be forwarded

between
GREEN VALLEY WATERSHED
and
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
FORESTRY DIVISION

This Amendment #2 to Subaward Agreement No. HZF-16-017, hereinafter called "Amendment #2", is made and entered into between Montana Department of Natural Resources and Conservation, Forestry Division, 2705 Spurgin Road, Missoula, MT 59804, hereinafter called "DNRC", and Green Valley Watershed, 76 Spruce Street, Green Valley, MT 59622-0912, hereinafter called the "Subrecipient". Except to the extent amended by this Amendment #2 and Amendment #1, Subaward Agreement No. HZF-16-017 remains fully in effect.

The parties to this Amendment #2, in consideration of the mutual covenants and stipulations, and pursuant to SECTION 16, ASSIGNMENT AND AMENDMENT, agree to amend the following section of Subaward Agreement No. HZF-16-017 as follows:

SECTION 5. PROJECT BUDGET, is hereby deleted and the following inserted in its place:

"SECTION 5. PROJECT BUDGET, Subaward funds are allocated to the following budget categories:

<u>Project Funding Summary:</u>	
Direct Costs	
Subrecipient Salary/Wages/ Benefits	\$5,000
Operating Expenses	\$2,000
Payments to Landowners (Beneficiaries)	\$63,000
Subtotal - Direct Costs	\$70,000
Indirect Costs (10%)	\$7,000
Total Subaward Amount	\$77,000
Match Required (7:1)	\$11,000
Total Project Funding:	\$88,000

IF A MAJOR ADJUSTMENT IS NEEDED ...

- Many significant changes in spending are tied to some other significant change in the project.
- For instance, the **project scope section** in the subaward agreement may also need to be amended.

SECTION 4. PROJECT SCOPE. (a) The Subrecipient must use the proceeds provided pursuant to this Subaward to perform allowable activities under the Program. **The key outcome of the project is completion of a public tree inventory of Green Willow Wildlife Area.** (b) The Program Development Project Proposal submitted by the Subrecipient attached hereto as Appendix A describes the projects and activities to be performed by the Subrecipient and required dates of completion.

SMALLER BUDGET CHANGES

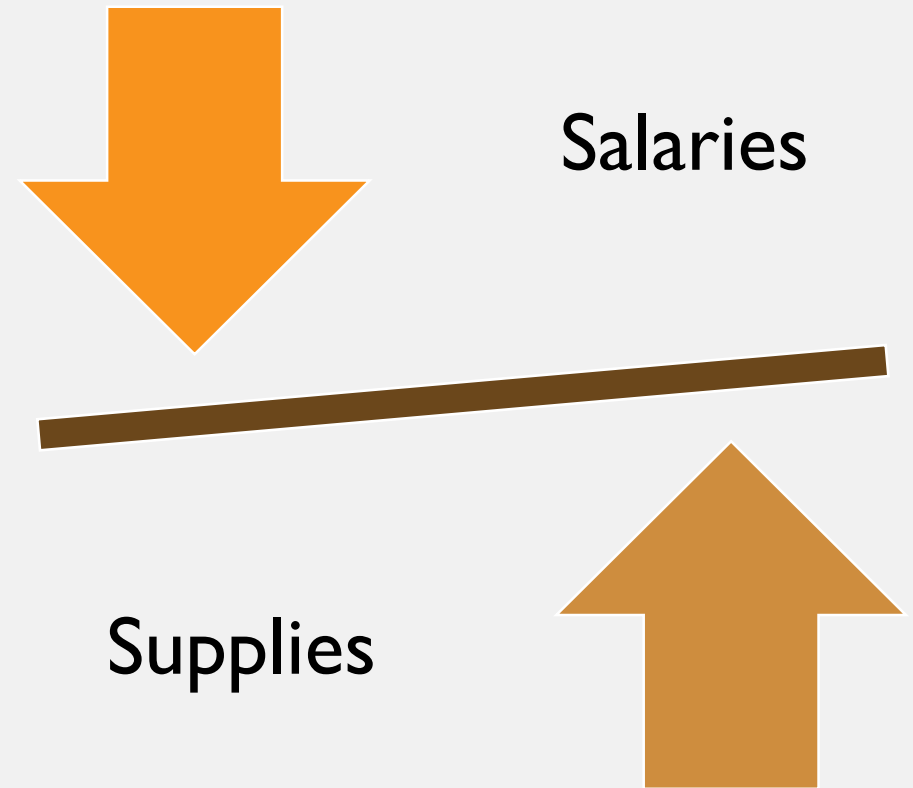
- Smaller changes to the budget may not require a formal amendment.
- However, they may still require DNRC approval.
- **When in doubt, ask.**

SMALLER BUDGET CHANGES: EXAMPLE I

Perhaps a subrecipient needs to slightly decrease spending on employee salaries for the project and slightly increase spending on supplies.

However, the change will not affect the accomplishment of project goals described in the subaward.

This situation **does not require** DNRC approval.



SMALLER BUDGET CHANGES: EXAMPLE 2

Perhaps a subrecipient would like to use its **entire** operating budget to purchase an irrigation system for a city park ...



rather than buy and plant trees in the park, as described in the subaward agreement.



SMALLER BUDGET CHANGES: EXAMPLE 2

- This change falls within the budget category of “Operating Expenses” and would not trigger a budget amendment.
- However, it represents a significant change to the scope of the project.
- The subrecipient needs to gain DNRC approval and possibly a subaward amendment **prior** to carrying out the activity.

SMALLER BUDGET CHANGES

If a subrecipient needs to buy or do something substantially different than what is described in the subaward agreement:



The first step is to **check in with the DNRC program manager** to discuss how the purchase could affect the accomplishment of project goals and whether the cost is allowable.

QUESTIONS ABOUT THE SUBAWARD AGREEMENT

For assistance with understanding or amending the subaward agreement,
contact **DNRC Forestry Division** at (406) 542-4300.