

EMERGENCY FOOD ASSISTANCE PROGRAM

II. PROGRAM PROCEDURES

The Food Distribution Division of the NC Department of Agriculture and Consumer Services (NCDA&CS) administers the TEFAP in North Carolina. NCDA&CS enters into agreements with local Emergency Feeding Organizations (EFOs) for the distribution of USDA foods, and provides funding for the distribution costs these organizations incur in performing this function. The USDA Foods recipient agencies engaged by these State agencies to deliver TEFAP benefits to eligible persons may include charitable institutions, food banks, food pantries, soup kitchens, faith based organizations, and similar public and non-profit private entities. These funds are provided by the Regular TEFAP Grant.

USDA provides food to NCDA&CS, which in turn arrange for their delivery to EFOs. The value of TEFAP entitlement USDA foods and the amount of administrative funds that NCDA&CS receives is determined through an allocation formula described at 7 CFR section 251.3(h). NCDA&CS allocates food to each county using a formula. The formula for distribution to each county is based on the average number of Aid to Families with Dependent Children (AFDC), adult Medicaid, and Food Stamp recipients in the county. The percentages are applied to the number of units of product available. The result is an equitable pro-rata shares of products allocated to each approved EFO. In addition to the basic allocation, there may be some bonus USDA foods available for distribution which is allocated in the same manner as the entitlement USDA foods.

USDA regulations require the NCDA&CS to have a **permanent** agreement, Form TEFAP-1, with those agencies that have had prior approval to receive USDA foods. A copy of the agreement document should be maintained on file at the EFO Administrative Office. State contract requirements and reports are based on GS 143C-6.23.

The USDA foods distributed vary depending on agricultural market conditions. The foods must be nutritious, have a long shelf life, and be available in sufficient quantities for nationwide distribution. TEFAP foods may include flour, canned or frozen meat or poultry, peanut butter, canned beans or other vegetables and fruits, raisins, and other similar products. These foods are provided in package sizes that are suitable for household use. The TEFAP food package is intended as a supplement to other sources of foods, and not intended to be used as a household's primary food source.

Upon delivery of product by NCDA&CS to the EFO, the EFO should verify: (1) the product being delivered; (2) the quantity being delivered; (3) the condition of the product. The shipping invoice should be signed by the recipient. In the event anything is questionable, products or portions thereof should be rejected or conditionally accepted. Each exception should be noted on the actual delivery invoice and signed by both the receiving party and the NCDA&CS truck driver. Copies of the shipping invoice are retained by the EFO.

Eligibility of recipients is determined by the EFO. Eligibility criteria for the receipt of USDA foods are (1) Eligibility for food stamps; or (2) Completion of a signed, self-declaration income state application (Form TEFAP-3). The self-declaration requires the total amount of household income to be below 200% of the current income poverty guidelines, according to the income eligibility scale provided annually by the Southeast Regional Office of USDA. We in turn forward the income scale to the EFOs.

USDA foods must be maintained in a clean and secure environment. Storage conditions must be such that premature deterioration of USDA foods is prevented, such as proper temperature and air circulation. USDA foods should be used on a First In, First Out method of distribution. These foods have a pack date on the case, and the items with the oldest pack dates should be used first. Where a

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pack date is not available, it is recommended to mark the product using month and year of receipt or a receipt date.

Occasionally USDA foods are lost after delivery to an EFO. USDA foods are considered lost if one or more of the following situations has occurred: (1) Damage, spoilage, or infestation; (2) Theft; (3) Improper distribution; (4) Diversion to an improper use; (5) Sale or exchange; (6) Other similar causes. When a loss of food occurs after delivery to an EFO, a claim determination must be made. If the value of the food loss does not exceed \$500, documentation must be forwarded to the USDA Regional Office for concurrence with a claim determination by NCDA&CS. In either event, if the EFO is found to have not been at fault in the loss, there is no claim. If, however, the EFO is found to be negligent, a claim for the value of the food must be pursued by NCDA&CS.III.

III. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Unallowed

The EFO must use its administrative money for activities intrinsic to the processing, transportation, storage, and distribution of TEFAP foods within its service area. An EFO that receives USDA non-program foods under 7 CFR part 250 as well as TEFAP foods, may use its administrative cost subgrant for the distribution of both classes of foods.

B. Allowable Costs/Cost Principles

EFOs are eligible to receive reimbursement for a portion of their distribution costs. Form TEFAP-4, Monthly Report, is required to be submitted by the thirtieth (30th) day of the month following the distribution. EFOs may be reimbursed for labor, storage, transportation, printing, and postage. Labor costs include a prorate portion of staff salaries based on actual hours worked on the distribution, and the cost of any individuals employed to assist in the distribution. Storage costs include the cost of storage space, trucks and/or refrigerated trucks, if used for storage. The cost of transportation of food to sites is reimbursable. If county-owned vehicles are used, only mileage is reimbursable. Only directly related printing and postage costs are allowable. Any other items purchased which are directly related to the distribution process must be documented before they are reimbursed. Direct expenses include the following, regardless of whether they are charged to TEFAP as direct or indirect costs.

C. Cash Management

Funds are provided on a reimbursement basis only, therefore no testing is required.

D. Reserve

E. Eligibility

1. Eligibility for Individuals:

- a) Receipt of USDA foods for household use – An EFO certifies households eligible to receive TEFAP foods for household consumption by applying income eligibility criteria established by the NCDA&CS. Eligibility criteria for the receipt of USDA foods are:
 - (1) Eligibility for food stamps; or
 - (2) Completion of a signed, self-declaration income state application (Form TEFAP-3). The self-declaration requires the total amount of

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household income to be below 200% of the current income poverty guidelines, according to the income eligibility scale provided annually by the Southeast Regional Office.

- b) Receipt of prepared meals – There is no means test for eligibility of persons receiving meals at congregate feeding sites. Their eligibility is derived from the eligibility of the organization operating the feeding site to receive and use TEFAP foods.

F. Equipment and Real Property Management

This requirement is not applicable at the local level.

G. Matching, Level of Effort, Earmarking

This requirement is not applicable at the local level.

H. Period of Performance

This requirement is not applicable at the local level.

I. Procurement and Suspension and Debarment

J. Program Income

Not applicable

K. [Reserve](#)

L. Reporting

1. Financial Reporting

EFOs must submit Form TEFAP-4 for each month in which there were USDA foods on hand at the end of the month. This report is required to be submitted by the thirtieth (30th) day of the month following the distribution. This form reports the inventories and serves as the reimbursement request. It also has a column entitled Transfers and Losses, etc. to report losses during the reporting month. If losses are reported here, the EFO is required to submit Form TEFAP-4A on which to explain in detail the cause of the loss.

2. Performance Reporting – Not Applicable

3. Special Reporting – Not applicable

M. Subrecipient Monitoring

This Requirement is not applicable at the local level.

N. Special Tests and Provisions

1. Accountability for USDA Foods

Compliance Requirement – Accurate and complete records shall be maintained with respect to the receipt, distribution/use, and inventory of USDA foods including and products processed from USDA foods. Failure to maintain records required by section 251.10 shall be considered prima facie evidence of improper distribution or loss of USDA foods, and the agency, processor, or entity is liable for the value of the food or replacement of the food in kind. Distributing and recipient agencies shall take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility’s inventory records and maintained on file by the agency which contracted with or maintained the storage facility. Corrective action shall be taken immediately on all deficiencies and inventory discrepancies and the results of the corrective action forwarded to the distributing agency.

Audit Objective – Determine whether an appropriate accounting was maintained for USDA foods, that an annual physical inventory was taken, and the physical inventory was reconciled with inventory records.

Suggested Audit Procedures

- a. Determine storage facility and end use locations of all USDA foods. Determine the food records maintained by the entity and obtain a copy of procedures for conducting the required annual physical inventory. Obtain a copy of the annual physical inventory results.
- b. Perform analytical procedures, obtain explanation and documentation for unusual or unexpected results. Consider the following:
 - 1) Compare receipts, usage/distribution, losses and ending inventory of USDA foods for the current audit period to the previous audit period.
 - 2) Compare relationship of usage of USDA foods to production, meals served, or similar activity reports for the audit period to the same relationship for the previous period.
- c. Ascertain the validity of the required annual physical inventory. Consider performing the following steps, as appropriate:
 - 1) Observe the annual inventory process and recount a sample of commodity items.
 - 2) If the annual inventory process is not observed, select a sample of significant foods on hand as of the physical inventory date and, using the food records, “roll forward” the balance on hand to the current balance observed.
 - 3) On a test basis, precompute physical inventory sheets and related summarizations.
 - 4) Ascertain that the annual physical inventory was reconciled to food records. Investigate any large adjustments between the physical inventory and the food records.
- d. On a sample basis, test the mathematical accuracy of the food records and related summarizations. From food records, vouch a sample of receipts, usage/distribution,

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and losses to supporting documentation. Ascertain that activity is properly recorded, including correct quantity, proper period.