

APRIL 2023

10.812

LOCAL FOOD PURCHASE ASSISTANCE COOPERATIVE

State Project/Program: LOCAL FOOD PURCHASE ASSISTANCE (LFPA)

USDA

Federal Authorization: Section 1001 (b) (4) of the American Rescue Plan Act (P.L. 117-2)

State Authorization: [F] (we are unsure of this can we have help??)

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

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

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

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

I. PROGRAM OBJECTIVES

- Objective 1 (purchase related): Purchase locally produced produce, meat, and dairy from 15 food hubs.
- Objective 2 (distribution related): Collaborate with food distribution partners to distribute food boxes in underserved communities in urban and rural counties across North Carolina.
- Objective 3 (related to sharing of lessons learned or improving outcomes or fostering the adoption of promising best practices): Create and update a FarmsSHARE program manual that will be made available via CFSA’s website to partner organizations.

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- Objective 4 (optional): Provide direct technical assistance on developing and implementing Quality Management Systems (QMS) and standard operating procedures (SOPs) for food hubs and provide training on product specifications for food box distribution, produce safety and post-harvest handling, and scaling up for 80 farmers selling to food hubs for this food box program.

II. PROGRAM PROCEDURES

NCDACS receives the funds from USDA and has received permission to provide advanced funding quarterly to Carolina Farm Stewardship (CFS). CFS has to provide detailed reporting on expenses through various reports to staff monthly. NCDA&CS also reports on a quarterly basis to USDA.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2023 Compliance Supplement; however, the State Agency may have added the Type and this should be noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

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

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

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

A. Activities Allowed or Unallowed: CFS is allowed to use the funds as their line-item budget allows and to support the goals and objectives of the program.

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B. Allowable Costs/Cost Principles: CFS has a specific line-item budget to follow and modifications are allowed through the following means: 10% modifications are acceptable through an email agreement and if over 10% and amendment has to be completed.

C. Cash Management: It is not required for CFS to manage funds in a separate account; however they do have to track the expenses. Also, they will have to do an audit once their fiscal year ends since they will meet the threshold.

D. Reserve: N/A

E. Eligibility: N/A

F. Equipment and Real Property Management: N/A

G. Matching, Level of Effort, Earmarking: N/A

H. Period of Performance: The contract is from 2/1/2023 to 10/30/2024.

I. Procurement and Suspension and Debarment: for purchases over \$25,000.

J. Program Income: If they have program income they will need to report and indicate how it was reinvested into the program.

K. Reserve: N/A

L. Reporting: Yes- monthly reporting is required.

M. Subrecipient Monitoring: N/A

N. Special Tests and Provisions: N/A