Food Assistance
TEFAP/TMP Inventory Training

Kim Eads
Program Manager
& the Food Assistance Team

2/19/2021
What we will cover in this training:

We will be reviewing the procedures for the monthly TEFAP/TMP Inventory Reports. In addition, we will be going over the process for filing reports for overages/shortages (inventory adjustments) as well as damaged TEFAP/TMP items. *We will pause periodically for questions.*

**WSDA Requirements:**
- Background – Why Accurate Inventory Reporting Is Important
- Overview of Inventory

**TEFAP:**
- TEFAP/TMP Inventory Reports
- Commodity Loss/Adjustment Reports *Includes: Damage, Overage and Shortage (Inventory Adjustments)*
- Contractors Responsibilities (Inventory) for Subcontractors

**Q&A:**
- Your chance to ask questions about any part of the training

**Contractor Follow-Up One-on-One**
- You will be contacted within the next two weeks to set up your one-on-one follow-up on any items or questions specific to your reporting process
Before we get started 😊

• Everything we are reviewing for TEFAP procedures/requirements were already in place. Nothing new has been added in the past few years.

• For many of you – this will be more of a reminder and review. For others, who are newer to the TEFAP inventory process, it’s a lot of information!

• But have no fear – your WSDA Food Assistance staff is here to help. Not only will we be following up with one-on-one’s with all TEFAP contractors, but we are always here to assist with questions and procedures.

• We will pause throughout the next hour for questions, as well as have time at the end of the presentation. However many questions will be answered as we proceed through each slide.

Thanks so much for joining us! We appreciate each and every one of you!
Why Accurate Inventory Reporting Is Important:

- Verify Receipt of Food
- Allocate Inventory Correctly
- Ability to Monitor Excess Inventory
- Identify Loss/Theft/Inventory Adjustments
- A Tool to Help Determine Audit Threshold ($750,000 includes the value of food received through federal programs such as TEFAP and TMP)
- “Uniform” Reporting Tool
- Responds to Issues Identified in the USDA Audit of WSDA Food Assistance
- Good Stewardship
- Compliance with the TEFAP Procedures Manual Requirements
- Happy Auditors – Successful Audits!!!
TEFAP/TMP Inventory Process Overview:

• Bill of Lading/Receiving Document (BOL) received and item reviewed for accuracy.
  
    o Any overages/shortages/damages during receiving process?  
      *Contractor needs to notify WSDA and account for in WBSCM.*

• For direct shipments, the BOL is also entered into WBSCM.  
  *All other sources of TEFAP Food are not recorded in WBSCM (FLL & 2H Redistribution and NWH Shipments)*.

• Item is received into physical inventory.  
  *TEFAP and TMP are inventoried and monitored separately.*

• Subcontractors are allocated their portion of TEFAP/TMP or receive notice of allocation of item.

• Contractor includes incoming item on the contractor’s inventory report for the month it is received.  
  *Do not hold over to following month, even if it will not be going out until then.*

• Contractor prepares BOL with all information on outgoing items to each subcontractor.

• Outgoing BOL’s to all subcontractors are entered into contractor’s “Book” system and included on the contractor’s inventory report, on the cases line by subcontractor.

• Inventory balance is physically counted and entered into the contractor’s inventory report on the physical inventory line.
Contractor inventory reports must be completed each month, summarizing all TEFAP or TMP inventory activity at the contractor level for the reporting month.

- TEFAP Contractor Inventory Report (AGR-2321).
- TMP Contractor Inventory Report (AGR-2322).

The contractor shall report TEFAP separately from TMP. The report has a tab for each month of the year. The contractor shall conduct a physical count of its TEFAP and/or TMP inventory at the end of every month, regardless of whether or not there was inventory activity.

This report must be turned in to WSDA by the 20th day of each month by email. The Contractor Inventory Reports are located on the FA Forms and Publications webpage.

Once the reports are complete, email them to foodassistance@agr.wa.gov or your regional representative.

- Please add the contractor’s name into the subject line of the email.
## TEFAP Contractor Inventory Report

### Report Month: October

<table>
<thead>
<tr>
<th>Material Number</th>
<th>Commodity Issued</th>
<th>Value per Case</th>
<th>Weight per Case</th>
<th>100000</th>
<th>BUTTER BULK SALTED 25 KG - P/S</th>
<th>100006</th>
<th>CHEESE CHED YEL CUTS-4/10 LB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value per Case</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$78.68</td>
<td></td>
<td>$94.80</td>
</tr>
<tr>
<td>Weight per Case</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55.12</td>
<td></td>
<td>42.50</td>
</tr>
</tbody>
</table>

- **Beginning Inventory** (previous month's ending physical inventory)
  - Total Cases: 30, Total Value: $2,454.50, Total Weight: 1376.15
  - Cases: 10, Value: $786.80, Weight: 551.2
  - Cases: 10, Value: $948.00, Weight: 425.0

- **Cases Received**
  - Total Cases: 0, Total Value: $0.00, Total Weight: 0.0
  - Cases: 0, Value: $0.00, Weight: 0.0

- **Total Cases Available for Issue**
  - Total Cases: 30, Total Value: $2,454.50, Total Weight: 1376.15
  - Cases: 10, Value: $786.80, Weight: 551.2
  - Cases: 10, Value: $948.00, Weight: 425.0

### Household Sites (FP)

<table>
<thead>
<tr>
<th>HH</th>
<th>Indiv.</th>
<th>Total Cases</th>
<th>Total Value</th>
<th>Total Weight</th>
<th>Value</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site A</td>
<td>4</td>
<td>340.25</td>
<td>180.12</td>
<td>78.68</td>
<td>55.12</td>
<td></td>
</tr>
<tr>
<td>Site B</td>
<td>4</td>
<td>340.25</td>
<td>180.12</td>
<td>78.68</td>
<td>55.12</td>
<td></td>
</tr>
<tr>
<td><strong>FP - Total Issued</strong></td>
<td></td>
<td>1,020.75</td>
<td>540.35</td>
<td>380.04</td>
<td>185.35</td>
<td></td>
</tr>
</tbody>
</table>

### Meal Programs (MP)

<table>
<thead>
<tr>
<th>Meals</th>
<th>Total Cases</th>
<th>Total Value</th>
<th>Total Weight</th>
<th>Value</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site D</td>
<td>6</td>
<td>513.73</td>
<td>277.73</td>
<td>157.36</td>
<td>110.2</td>
</tr>
<tr>
<td>Site E</td>
<td>6</td>
<td>513.73</td>
<td>277.73</td>
<td>157.36</td>
<td>110.2</td>
</tr>
<tr>
<td><strong>MP - Total Issued</strong></td>
<td></td>
<td>1,541.19</td>
<td>833.2</td>
<td>472.08</td>
<td>330.7</td>
</tr>
</tbody>
</table>

### Total Cases Issued

- Total Cases: 30, Total Value: $2,561.54, Total Weight: 1,373.5
- Cases: 9, Value: $708.12, Weight: 496.0
- Cases: 15, Value: $1,422.00, Weight: 637.5

### Damage *

- Enter as a negative number.

| (1) | (78.68) | (55.12) |

### Book Inventory

- (1) | (186.12) | (52.50) |

### Physical Inventory

(forward totals in this row as the Beginning inventory for the next month)

| (5) | (474.00) | (212.50) |

### Report Check **

(Overage / Shortage)

| (6) | 568.80 | 255.00 |

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* You must submit a completed Commodity Loss/Adjustment Report for all damaged cases reported. Commodity Loss/Adjustment Reports should be submitted promptly to WSDA; do NOT save them to submit with your monthly inventory. See TEFAP Procedures Manual for detailed instruction on Commodity Loss/Adjustment procedures.

** For variances shown in the report check section, correct the source documents for the commodities, and re-enter the correct case amount. If you can’t find the variance(s) shown in the report check section, leave the overage/shortage in the report check line. You must submit a completed Commodity Loss/Adjustment Report for any overage/shortage left in the report check line.
Contractor Inventory Report – Definitions:

Beginning Inventory - The previous month’s ending physical inventory.

Cases Received - Amount of commodities received since your last report.

Total Cases Available for Issue - The combined total of the beginning inventory and cases received.

Household Sites (FP) - Amount of product distributed to each Food Pantry (FP) subcontractor, listed by name, as documented by the contractors’ Bill of Lading, and the number of clients and household members served (as indicated on the Subcontractors Inventory Report).

FP Total Issued - Total amount issued to all household sites (FP).

Meal Programs (MP) - Amount of product distributed to each Meal Program (MP) subcontractor, listed by name, as documented by the contractors’ Bill of Lading, and the number of meals served (as indicated on the Subcontractors Inventory Report).

MP Total Issued - Total amount issued to all Meal Programs.

Total Cases Issued - Total amount issued to all Food Pantries and Meal Programs.
Contractor Inventory Report – Definitions: (Continued)

**Damage** - Product that has been damaged is entered as a negative number. Include a Commodity Loss/Adjustment Report for all damaged product that has not been previously reported and filed. Commodity Loss/Adjustment Report for Contractors (AGR-2256).

**Book Inventory** - Amount of each product shown on your inventory records.

**Physical Inventory** - Quantity of product physically counted in your storage area. The book inventory shall be reconciled with the physical inventory each month. The physical inventory will become your beginning inventory for the next month.

**Report Check** - For any variances, correct the source documents for the commodities, and re-enter the correct case amount. If you can’t find the variance(s) then leave the overage/shortage in the report check line and submit a Commodity Loss/Adjustment Report for Contractors (AGR-2256).
The Commodity Loss/Adjustment Report for Contractors (AGR-2256) is the primary tool for contractors to report loss or adjustments to WSDA. This report may be submitted at any time an issue is discovered or along with the Contractor’s Inventory Report.

All damaged/theft/loss or any un-resolved inventory overage or shortages must be reported for each occurrence with the Commodity Loss/Adjustment Report for Contractors.

If theft is involved please see the specific instructions listed in the Theft Reporting System section of the TEFAP Procedure Manual.

All occurrences, including inventory damage/overages/shortages, reported by the contractor will be investigated by WSDA. Contractors are responsible for investigating all subcontractor inventory damage/overages/shortages. Claims resulting in a value of $500 or more for each occurrence will be reviewed by WSDA for claim determination and pursuit of claim.
Commodity Loss / Adjustment Report for Contractors

If you have questions regarding loss, adjustments, or this form call (360) 725-5641. Physically separate spoiled or damaged product but do not dispose of it until told to do so by WSDA. Complete one form per incident and send it immediately to foodassistance@agr.wa.gov. This information should also be documented on your Contractor Inventory Report.

Program: ☐ TEFAP  ☐ CSFP  ☐ TMP

Contractor Name: ___________________________  Date of Loss: ______________
Contact Person: _____________________________  Phone: ______________
Address: ________________________________________________________________

<table>
<thead>
<tr>
<th>Commodity Description</th>
<th>Material Number</th>
<th>Quantity</th>
<th>Measurement Cases/Units</th>
<th>Type</th>
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</tbody>
</table>

Briefly explain how loss/adjustment occurred:

Type of Loss / Adjustment

☐ Theft

- If the loss was due to theft, immediately contact the police and obtain a police report. Include a copy of this report with your form submission. Theft includes: embezzlement, willful misapplication, and fraud.

☐ Damage

- If the loss was due to damage, what type was it?
  - ☐ Warehouse Handling
  - ☐ Commodity Received Damaged
WSDA Food Assistance
Commodity Loss/Adjustment Report
for Contractors (Page 2 of 2)

WSDA Use Only
WSDA is required to investigate any and all loss (including inventory adjustments) of donated food, regardless of the value, in order to determine if a claim must be pursued against the responsible party. Claim determination must be completed within 30 days from the date of discovery, or from the date that the information was first received indicating that the loss/adjustment had occurred, whichever is later.

Additional guidance can be found in the CSFP Procedures Manual (WSDA Publication 486) or the TEFAP Procedures Manual (WSDA Publication 485) in the sections titled Loss/Inventory Adjustment Procedures, as well as in the USDA Food and Nutrition Service FNS Instruction 410-1 Rev 2.

Date Received:

To determine the value of loss, please use the current published USDA Food Price List, found on the Food Assistance website at: agr.wa.gov/FoodProg/FoodOrderInfo.aspx

Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment
Quantity: _______ x Price: _______ = _________ Value of Loss/Adjustment

= ___________ Total Value of Loss/Adjustment

Responsible Party: [ ] Subcontractor [ ] Natural Event [ ] Other: ____________________________

Was the loss greater than $500? [ ] Yes [ ] No If yes, notify WSDA immediately.

[ ] Pursue further claim action.
[ ] Not required to pursue a claim.

Date Investigation Complete:

* Natural Event is defined as a hurricane, flood, or general power outage.
Commodity Loss/Adjustment Report for Contractors – Definitions:

Program: Check the correct box for the program associated with the commodity loss; TEFAP, CSFP or TMP.

Contractor Name: Your agency name.

Date of Loss: The date the loss occurred or was discovered.

Contact Person: The person filling out the Commodity Loss/Adjustment Report.

Phone: Contact person’s phone number.

Address: The address where the loss occurred or was discovered.

Commodity Description: This is the material description, which you can find on either the Bill of Lading, in column B of the direct shipments or in column C of the indirect shipments workbooks sent to you by WSDA, or on the USDA Food Order Price Lists.

Material Number: The material number is the six digit number that is used by USDA to identify the item being received. You can find this number either on the Bill of Lading, in column A of the direct shipments or in column B of the indirect shipments workbooks sent to you by WSDA, or on the USDA Food Order Price Lists.
Commodity Loss/Adjustment Report for Contractors – Definitions: (Continued)

Quantity: The number of cases that were lost, damaged, spoiled or stolen.

Measurement (Cases/Units): For TEFAP the measurement is always in CASES. Even if every item in the case is not damaged, you must report the entire case. If there are products within the case that are undamaged and potentially able to be distributed, store the product safely and contact WSDA for guidance.

Type (Theft, Damage, Spoilage, or Inventory Adjustment): Record what kind of loss occurred.

Briefly explain how loss/adjustment occurred: In this box, explain to the best of your knowledge how the theft, damage, spoilage or adjustment occurred or was discovered.

Type of Loss/Adjustment: Specify the type of loss/adjustment and complete additional steps and/or respond to the additional questions pertaining to different types of loss.
Inventory Adjustments – Reminder:

• While the goal is to not have variances or items damaged, the reality is on occasion there will be damages and overages/shortages of your TEFAP and TMP inventory.

• It is required that you do a physical count of your inventory at the end of each month, and when there are adjustments due to damage, miscounts, human error, that it is reported in a timely fashion.

• **Damage and theft are to be reported as soon as possible.**

• When performing your month end physical inventory and a overage or shortage is noted, the contractor will then investigate:
  
  o Check that all paperwork has been entered correctly. *Incoming and outgoing BOL’s.*
  
  o It is advised that two people perform all physical inventory counts. However you may discover that the original count may have been incorrect.
  
  o If you have verified paperwork and performed a recount, and are not able to find why the discrepancy occurred, you will need to file a Commodity Loss/Adjustment Report for Contractors and submit to WSDA along with your monthly inventory report.
Contractor Responsibilities for TEFAP Inventory in Relationship to Subcontractors

Reminder:

- Contractors must receive the Subcontractor Inventory Report (AGR-2272) from each subcontractor on a monthly basis.

- If there is a loss or adjustment, the subcontractor must complete the Commodity Loss/Adjustment Report for Subcontractors (AGR-2279) and send it to their contractor.

- It is the contractor’s responsibility to review the subcontractors inventory report and investigate any loss, shortage, or adjustment indicated on the report, regardless of the value.

- If loss is over $500, the contractor is to notify WSDA upon receipt of the subcontractor’s inventory report.
  - Contractor determines value when they received a Commodity Loss/Adjustment Report. Find the price per case on the Food Assistance webpage under the heading USDA Food Order Price Lists.

- Subcontractor inventory should not exceed a three-month supply for any TEFAP/TMP food on hand.
Summary: Top Takeaways for Contractor Inventory Reports

- TEFAP(TMP) Inventory Reports, including client data, must be filed by the 20th of each month.
- Reports must:
  - Reflect the beginning inventory from the ending physical inventory of the previous month.
  - Show all incoming TEFAP/TMP items that came in within that specific month.
  - Reflect all out-going items and the subcontractor who received them.
  - Show all damaged material items and the cases damaged.
  - **A Commodity Loss/Adjustment Report must be filed.**
    - Include the book inventory totals for each item.
    - Include the physical inventory totals for each item.
- Any variances (overage/shortages) must be reflected on the report:
  - Please investigate and correct any inventory adjustments when possible.
  - **A Commodity Loss/Adjustment/Damage Report must be filed along with the monthly report, if not already done so.**
- The final physical inventory is forwarded to the following months beginning inventory.
Questions?
Moving Forward:
- you are not alone – we are here to help!

The WSDA Food Assistance Team

Within the next two weeks, your Regional Rep and/or Kat will be in touch with you to set up a one–on-one meeting to go over your reports which have been filed for FFY21 (October 2020 to present).

This will be the time to go over any additional questions and or clarifications you or WSDA may have.

Moving Forward – We are all in this together. We are here to help you succeed!

A copy of this presentation will be available on our webpage: https://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs.