



Washington  
State Department of  
Agriculture

## FOOD ASSISTANCE

THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)  
PROCEDURES MANUAL

## SEPTEMBER 2019

*Kim Eads, Program Manager*  
*WSDA Food Assistance*

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# SECTION 1: FA PROGRAM INFORMATION

## Section 1: Food Assistance Information

# TEFAP PROCEDURES MANUAL SECTION 1: FOOD ASSISTANCE INFORMATION

# INTRODUCTION

## Introduction

Welcome to the updated procedures manual for The Emergency Food Assistance Program (TEFAP). This manual is written to assist contractors and their respective subcontractors in successfully administering TEFAP, which is inclusive of the temporary Trade Mitigation Program (TMP). It is written in accordance with the most recent revision of the Code of Federal Regulations (7 CFR) - Agriculture - Parts 250 and 251, regulations necessary to carry out certain provisions of the Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), applicable federal policies and instructions from USDA. The effective date of this manual is Oct. 1, 2019.

The Revised Code of Washington (RCW) Title 43.23.290 designates the Washington State Department of Agriculture (WSDA) to be the state agency responsible for the distribution of federal commodities and administrative funds for The Emergency Food Assistance Program (TEFAP), the Trade Mitigation Program (TMP), the Commodity Supplemental Food Program (CSFP), the state-funded Emergency Food Assistance Program (EFAP), the state-funded EFAP-Tribal, and the state-funded Farm to Food Pantry Initiative. If any procedure or guideline is found to be in conflict with the RCW, the RCW will prevail.

These policies and procedures are specific to TEFAP and TMP, and shall be followed by the contractors and subcontractors implementing these programs at the local level. Compliance with subsequent modifications to this manual are also mandatory for all contractors and subcontractors.

Please take the time to thoroughly review the manual with your staff working with WSDA Food Assistance programs. If changes are made, contractors shall receive notice of changes through program update emails and/or amendments, as necessary.

If you have questions, suggestions, changes or corrections regarding this manual, please contact your WSDA Regional Representative.

**Washington State Department of Agriculture**

**Food Assistance  
1111 Washington ST SE  
PO Box 42560  
Olympia, WA 98504-2560**

**Or e-mail to: [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov)**

This manual is available on our webpage at: [agr.wa.gov/services/food-access](http://agr.wa.gov/services/food-access). This manual is a work in progress and we encourage your involvement to make this manual a tool that is valuable to you as a WSDA contractor.

With Appreciation,

*The Food Assistance Team*

# VISION AND MISSION STATEMENTS

## Vision and Mission

### **VISION STATEMENT:**

We are trusted partners who anticipate and respond to the evolving needs of the food system by focusing on the intersection, viability, and success of hunger relief agencies and agricultural producers. Together, we ensure access to healthy food and sustain vibrant communities for all Washingtonians.

### **MISSION STATEMENT:**

Food Assistance serves communities and lower-income families by improving access to safe and nutritious foods. We honor our connections with agriculture and strengthen the emergency food system by providing food, funding, logistical support, and outreach to hunger relief agencies and tribes.

# OVERVIEW OF WSDA FOOD ASSISTANCE

## Overview of WSDA Food Assistance

Through service, regulation, and advocacy, the Washington State Department of Agriculture (WSDA) supports the viability and vitality of agriculture while protecting consumers, public health, and the environment. Food Assistance is part of the Food Safety & Consumer Services Division which plays an active role in defending the availability, safety, and integrity of our food system.

WSDA's Food Assistance programs serve food insecure families by providing food, funding, logistics services and outreach to hunger relief providers and tribes. We work with over 50 contractors statewide that are made up of a mix of food banks, community action agencies, tribes and tribal organizations, who typically operate more than one of our six Food Assistance programs. We work with a wide variety of partners, stakeholders, and state agencies to support our mutual goals. Our goals are to develop key partnerships and data-driven strategies to alleviate hunger and increase access to healthier food options available in the emergency food system while supporting the agricultural community.

WSDA's Food Assistance programs have traditionally provided about \$23 million worth of state and federal food and funding to our local contractors who provide direct support to 500 food banks, food pantries, meal programs, tribes, and tribal organizations. We anticipate that these resources will grow to over \$40 million due to increased federal funding and food through the temporary Trade Mitigation Program.

One in six Washingtonians (1.15 million people) receive food from emergency food providers that are supported with resources from our programs.

### **CORE FUNCTIONS INCLUDE:**

- Distributing U.S. Department of Agriculture (USDA) federal commodities.
- Providing state and federal funds to support food banks, food pantries, community action agencies, meal programs, tribes and tribal organizations.
- Helping partners leverage existing resources to create a collaborative statewide food assistance network.
- Providing technical assistance and information to community programs that deliver emergency food and services to hungry people.
- Providing the necessary framework to keep food assistance distributions flexible and responsive to client needs and meet regulatory requirements to maintain the integrity of the programs.

### **PROGRAMS INCLUDE:**

#### **Commodity Supplemental Food Program (CSFP)**

A federally funded (USDA) program that provides nutritious food “packages” designated specifically for the needs of lower-income elderly people at least 60 years of age (limited availability). CSFP provides food and limited operational funding for distribution to nonprofit organizations, such as community action councils, food banks, and food pantries.

# OVERVIEW OF WSDA FOOD ASSISTANCE

## **Emergency Food Assistance Program (EFAP)**

A state funded program that supports local emergency food providers with funding to help alleviate hunger for lower-income Washingtonians, including the homeless, receiving services from a food pantry. The funding is flexible and may be used for the purchase of food, operational costs, nutrition training and equipment or repairs.

## **Emergency Food Assistance Program (EFAP) Tribal**

A state funded program that supports tribal organizations with funding to help alleviate hunger for lower-income Washingtonians, including the homeless, receiving services from a food pantry or receiving a tribal food voucher. The funding is flexible and may be used for the purchase of food or food vouchers, operational costs, nutrition training and equipment or repairs.

## **The Emergency Food Assistance Program (TEFAP)**

A federally funded (USDA) program that helps supplement the diets of lower-income Washingtonians, including the homeless. TEFAP provides food and limited operational funding for distribution to nonprofit organizations, such as community action councils, food banks, food pantries, mobile food pantries, back pack programs for kids, shelters, and meal programs.

## **Trade Mitigation Program (TMP)**

In August of 2018, the USDA announced the launch of a trade mitigation package of programs which were established to help off-set the impact of the trade tariffs to farmers. Through the TMP, producers of certain commodities were able to sign up for the Market Facilitation Program so that USDA could purchase and distribute these foods through domestic channels, including TEFAP and Child Nutrition Programs. Hunger relief providers across Washington will receive two to three times more commodity foods than ever before due to TMP, including new products not usually available through federal commodity programs, like fresh milk, fresh produce, and pork products.

## **Farm to Food Pantry (F2FP) Initiative**

The initiative, established in 2014, is a partnership with Rotary First Harvest. It helps bridge gaps between agriculture and hunger relief agencies, connects farmers to their communities and increases access to healthier food options for lower-income families (limited availability).

## **FOOD ASSISTANCE ADVISORY COMMITTEE:**

The WSDA Food Assistance (FA) Advisory Committee, which is part of the Washington Food Coalition (WFC), plays an important role in shaping how WSDA Food Assistance programs can provide the most value to the food assistance provider network and to those whom they serve.

The FA Advisory Committee is comprised of a chair, vice chair, provider members, the WFC executive director,

# OVERVIEW OF WSDA FOOD ASSISTANCE

WSDA staff and other interested parties. The Advisory Committee works on making recommendations for program policy and emergency food system improvements, and streamlining program processes.

The WFC has set up a page on their website where notes and information from committee meetings are posted for anyone interested in staying informed. Please visit [www.wafoodcoalition.org/food-assistance-advisory-committee](http://www.wafoodcoalition.org/food-assistance-advisory-committee) for more details.

# CONTACT INFORMATION

## Contact Information

### **FOOD ASSISTANCE STAFF:**

***Kim Eads, Program Manager***

Office: (360) 725-5651

Email: [keads@agr.wa.gov](mailto:keads@agr.wa.gov)

***James Scovel, Food Assistance Specialist***

Office: (360) 725-5641

Email: [jscovel@agr.wa.gov](mailto:jscovel@agr.wa.gov)

***Kyle Merslich, Food Assistance Specialist***

Office: (360) 725-5657

Email: [kmerslich@agr.wa.gov](mailto:kmerslich@agr.wa.gov)

***Katie Rains, Food Assistance Specialist***

Office: (360) 902-1926

Email: [krains@agr.wa.gov](mailto:krains@agr.wa.gov)

***Nichole Garden, Food Assistance Coordinator***

Office: (360) 725-2858

Email: [ngarden@agr.wa.gov](mailto:ngarden@agr.wa.gov)

***Lisa White, Management Analyst***

Office: (360) 725-5640

Email: [ljwhite@agr.wa.gov](mailto:ljwhite@agr.wa.gov)

***Food Assistance Mailing Address:***

Washington State Department of Agriculture

Food Assistance

1111 Washington ST SE, PO Box 42560

Olympia, WA 98504-2560

**Program Email:** [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov)

**Program Webpage:** [agr.wa.gov/services/food-access](http://agr.wa.gov/services/food-access)

## SECTION 2: TEFAP ADMINISTRATION

### Section 2: TEFAP Administration

# TEFAP PROCEDURES MANUAL SECTION 2: TEFAP ADMINISTRATION

# DEFINITIONS

## Definitions

**Administrative Expenses** – Management and general expenses.

**Backpack / Weekend Bags for Kids** – Means clients (kids) who receive a food bag for one person, consisting of four meals, comprised of three of the five food groups for at least two days. This is typically given for the weekend and holidays when schools are closed.

**Bill Of Lading (BOL)** – A document provided by the shipping/trucking agent or warehouse as a written record of program food shipped or received to the contractor or subcontractor. The BOL details the types and amounts of food received or shipped.

**Bonus Food** – Food purchased under the direction of Congress, based on agricultural surpluses and price support activities, to help American agriculture producers. These bonus foods are then offered to TEFAP at no cost to entitlement dollars.

**Bonus Redistribution Center** – Is responsible for receiving direct shipments of USDA “bonus” foods (primarily frozen/refrigerated product) that cannot be direct shipped to contractors. Also responsible for redistributing these bonus foods to other contractors based on the allocation rate provided by FA.

**Capital Expenditures**- Expenditures to acquire capital assets or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

**CFR** – The Code of Federal Regulations; 7 CFR 251 and 7 CFR 250 have TEFAP specific information.

**Client Intake Forms** – WSDA provided forms that are by TEFAP food pantries to track client information for clients receiving TEFAP food. Alternate forms must be approved by WSDA.

**Compliance Review** – Any planned, ongoing, or periodic activity that measures and ensures contractor and subcontractor compliance with program requirements.

**Commodities** – The foods purchased by USDA to supplement the diets of TEFAP participants. Also referred to as program foods.

**Contract** – The agreement between the contractor and WSDA. A legally binding agreement between the state and another entity, public or private, for the provision of goods and services. TEFAP contracts are to be considered permanent, with amendments to be made as necessary.

**Contractor** – The association, organization, or individual that entered into a contract with WSDA to provide emergency food assistance within a county or multi-county region.

**Contractor Operated Sites** – Any temporary or permanent sites that are temporarily run by the contractor or one of their volunteers at a non-contractor owned location. This includes apartment buildings, parking lot of a community center, temporarily staffing a distribution at a senior center, food pantry, or meal program.

# DEFINITIONS

**Contractor Owned Sites** – Any contractor owned food pantries or meal programs, located on the contractor’s main property. These are typically permanent sites. Any contractor owned satellites that are not located on the contractor’s property. These are typically permanent sites. Any contractor owned mobile food pantries or meal programs.

**Contractor Sponsored Sites** – An organization or tribe that may not meet all eligibility criteria or have the ability to perform all aspects of the subcontract, serves as a TEFAP distribution site, is a separate entity from the contractor, and is being sponsored by the contractor. The site is not run by the contractor’s staff or owned by the contractor. It is run by the site, typically volunteers, but the contractor is taking the responsibility.

**Current Fair Market Value** – The value of equipment and supplies determined by selling them in a competitive market or by researching advertised prices for similar items on the used market. The current fair market value should be determined at the time the equipment and supplies are no longer needed by the contractor or subcontractor for FA program operations regardless of when actual disposition takes place. Contractor or subcontractor must research the current fair market value and provide a recommendation to WSDA. WSDA must approve the recommended value.

**Debarment** - The act of being suspended or being declared ineligible by any state or federal agency from participating in any transactions with them.

**Direct Client Services** – Conducting programming that has direct contact with clients and could include food distribution to clients and/or collecting client information for the purpose of the client intake.

**Distributing Agency (DA)** – The state agency that administers TEFAP for the state of Washington is WSDA.

**Emergency Food** - Food that is given to clients who do not have the means to acquire that food themselves, so that they will not go hungry.

**Emergency Food Provider** – An eligible entity that provides low-income clients with any kind of emergency food including prepared meals. Also referred to as hunger relief organizations.

**Entitlement Food** – Food purchased by USDA using the entitlement funds allotted to the state TEFAP.

**Equipment** – Any tangible nonexpendable personal property with a useful life of more than one year.

**Federal Award Uniform Guidance** – 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, available at [www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

**First In, First Out (FIFO)** – Is an inventory control system to ensure that the USDA donated foods received in “first” are also the “first” to be issued out. Typically, foods are to be stored so that the stock rotation of USDA donated food with the nearest expiration/BIUB dates are in front and used first, followed by USDA foods with the oldest pack dates.

**Food Assistance (FA)** – Washington State Department of Agriculture's (WSDA) Food Assistance (FA) programs assist eligible local organizations and tribes in providing state and federal funding and

# DEFINITIONS

emergency food to low-income and vulnerable individuals throughout Washington State. Also referred to as WSDA FA.

**Food Assistance Advisory Committee** – Is part of the Washington Food Coalition and makes recommendations to Food Assistance for program and policy improvements.

**Food Bank** - An institution that collects, warehouses, and distributes food, edible commodities or other product to food pantries, meal programs and other hunger relief organizations on a regional, county, or statewide basis.

**Food and Nutrition Service (FNS)** – The section of United States Department of Agriculture that manages the majority of the federal food assistance programs.

**Food Pantry** – An emergency food assistance provider that distributes unprepared food without charge to its clients.

**In-Kind** – The value of volunteer services or donated goods including staff time, rent, food, supplies and transportation.

**Interested party** – Any eligible agency wishing to be considered for contractor food pantry, and/or food bank. Also referred to as a prospective contractor or subcontractor.

**Inventory Report for Contractors** - A form used by TEFAP contractors to track the receipt, issuance and inventory of TEFAP/TMP food on a monthly basis; includes client data.

**Inventory Report for Subcontractors** – A form used by food pantries and meal programs to track the receipt, issuance and inventory of TEFAP/TMP foods on a monthly basis.

**Low-Income Eligibility** – The applicant who falls within the Federal Poverty Income Guidelines set forth by the government. For TEFAP this is 185% of the Federal Poverty Income Guidelines.

**Meal Program** – An emergency food assistance provider that provides predominately low-income clients prepared meals in a congregate setting.

**Mobile Food Pantry** – A mobile food pantry such as a “food truck” that travels within a designated service area and distributes food directly to clients. Food is distributed to clients in pre-packed boxes or through a client choice method where clients choose to take what they need.

**Mobile Meal Program** – A mobile meal program serves clients in areas of high need in an effort to supplement hungry families with nutritious food. Food is distributed to clients in pre-packaged prepared meals.

**Nonprofit** – A private agency or organization with tax-exempt status under the Internal Revenue Code, or that has applied for tax-exempt status with the Internal Revenue Service.

**On-Site Compliance Review** – The physical act of going to a contractor’s or subcontractor’s location to conduct a program review for compliance.

# DEFINITIONS

**Operational Expenses** – Those costs that are clearly identifiable with providing direct services to eligible clients, or food bank distribution services to food pantries and meal programs.

**Participating Food Pantry** – A local public or nonprofit food pantry that provides emergency food assistance to clients and receives state or federal emergency food assistance funding or food through the contractor. Also referred to as a subcontractor.

**RCW** – Revised Code of Washington.

**Risk Assessment** – The process of evaluating exposure to harm or loss that could arise from an activity associated with the contract. It consists of identifying and classifying risks based on certain characteristics, and measuring and evaluating the consequences of those risks. The TEFAP risk assessment is conducted on an annual basis.

**Single Audit** – An organization-wide audit of an entity that expends \$750,000 or more of federal assistance from any source (grants, funds, awards, and value of USDA foods received through TEFAP and CSFP) as required by federal Chapter 2 Part 200, Uniform Administrative Requirement.

**Split Shipment** – A USDA truckload that has been split up and shipped to multiple destinations.

**State** – State of Washington.

**State Agency Plan of Program Operation (State Plan)** – This document describes the manner in which the state agency intends to implement and operate all aspects of program administration within its jurisdiction.

**Subcontractor** – Any association, tribe or organization that, by subcontract with the contractor, is performing all or part of the services under the contract. The term does not include the contractor's employees. The term includes any subcontractor in any tier. This includes contractor sponsored sites, sites owned and operated by an independent eligible organization, and organizations that perform contractor level duties.

**Subcontractor Operated Sites** – Any sites, temporary or permanent, that are run temporarily by the subcontractor or one of their volunteers at a non-subcontractor owned location. This includes apartment buildings, parking lot of a community center, temporarily staffing a distribution at a senior center, food pantry, or meal program.

**Subcontractor Owned Sites** – Any subcontractor owned food pantries or meal programs that are not located on the subcontractor's property. These are typically called satellite sites and are permanent sites. Any subcontractor owned mobile food pantries/meal programs.

**Subcontractor Sponsored Sites** – Any sites, food pantries, or meal programs that may not be eligible on their own, such as organizations that do not have a 501(c)3 or organizational structure, and are being sponsored by the subcontractor. The agreement should clearly outline the respective roles and responsibilities of the subcontractor and the sponsored site. The site is not run by the subcontractor's staff or owned by the

# DEFINITIONS

subcontractor. It is run by the site, typically volunteers, but the subcontractor is taking the responsibility. The contractor will hold the subcontractor solely responsible for the sponsored site.

**TEFAP** – The Emergency Food Assistance Program authorized by 7 USC 7501-7516 and subject to 7 CFR 251, 7 CFR 250, and WAC 16-740.

**TEFAP Food Pantry Client** – A person signing for TEFAP food on behalf of his or her household. A client is a person who is at or below the 185% of poverty level and is in need of emergency food because of economic circumstances and hunger; the term means the same as “Needy Persons” under 7 CFR Part 250.3 and includes all such persons regardless of whether the person is currently obtaining services from any TEFAP emergency food provider. Also referred to as a beneficiary.

**TEFAP Meal Program Client** – A person receiving prepared meals from a meal program or congregate site, and is assumed to be predominantly needy (no means testing is allowed). Also referred to as a beneficiary.

**TEFAP Food** – Any USDA food or commodity originating through TEFAP, including bonus and entitlement foods.

**TEFAP Household** – The number of family members reported by the TEFAP Food Pantry Client when signing for TEFAP food. A household refers to a group of related or non-related individuals, exclusive of boarders, who are not residents of an institution, but who are living as one economic unit and for whom food is customarily purchased and prepared in common. It also means a single individual living alone.

**Trade Mitigation Program (TMP)** - Established as a temporary program to off-set the impact of the trade tariffs to farmers by purchasing impacted commodities which were then distributed to lower-income families through the existing TEFAP channel of food banks, food pantries and meal programs.

**TMP Food** - Any USDA food or commodity originating through TMP.

**USDA** – United States Department of Agriculture.

**WAC** – Washington Administrative Code.

**Washington Food Coalition (WFC)** – A nonprofit organization that advocates for the emergency food system and provides education and training to a statewide membership of food banks, food pantries, meal programs, state agencies and other partners. WFC also houses the FA Advisory Committee which acts as an advisory body to FA.

**WSDA** – Washington State Department of Agriculture.

# TEFAP DESCRIPTION AND HISTORY

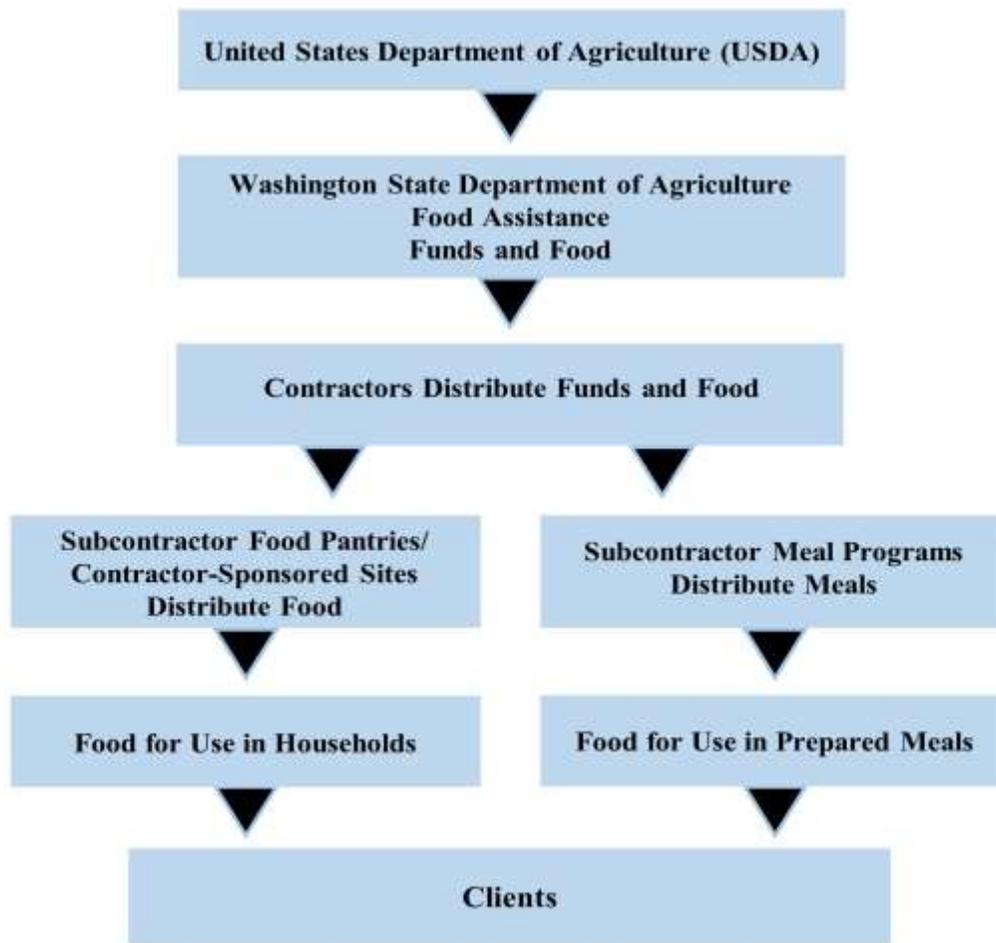
## TEFAP Description and History

### TEFAP DESCRIPTION:

TEFAP helps supplement the diets of low-income families, including elderly people, by providing them with emergency food assistance at no cost; and supports American agriculture by distributing high quality 100 percent American-grown USDA Foods. It is administered at the federal level by the USDA's Food and Nutrition Service (FNS). State agencies receive the food, administrative funding, and provide for the overall management of the program within their state.

The amount received by each state depends on its low-income and unemployed population. States provide the food to local agencies (contractors) which in turn distribute the food to emergency food providers (subcontractors) who directly serve eligible recipients.

### TEFAP FLOWCHART:



# TEFAP DESCRIPTION AND HISTORY

## **A BRIEF HISTORY OF TEFAP:**

In 1981, this federal USDA food distribution program was first authorized to distribute surplus commodities, primarily cheese, under the Temporary Emergency Food Assistance Program (TEFAP) in order to help supplement the diets of low-income Americans, including seniors. In 1983, the Emergency Food Assistance Act stated that TEFAP would provide other types of surplus (bonus) foods such as butter, flour, cornmeal etc. In 1988, in response to the depletion of some of the surplus foods used by TEFAP, the Hunger Prevention Act appropriated funding specifically for the purchase (entitlement) of commodity foods for TEFAP. In 1990, the name of the program was officially changed to The Emergency Food Assistance Program (TEFAP) instead of the Temporary Food Assistance Program (TEFAP). The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed TEFAP by (1) combining it with commodity distribution programs for charitable institutions and emergency feeding organizations (EFOs), (2) defining a formula for allocating TEFAP foods to States, and (3) requiring that a portion of Supplemental Nutrition Assistance Program (SNAP) (then known as the Food Stamp Program) appropriations be used for TEFAP food purchases.

TEFAP has evolved to include a focus on healthier foods, more variety in the types of foods being offered, and using commercial labels instead of just the USDA label. In addition, there has been an increase in the volume of TEFAP bonus and entitlement commodities which helps to provide emergency food providers with a stable source of critically needed food for their clients.

In 2018, a new USDA program call the Trade Mitigation Program (TMP) was added to our programs. It was established to help off-set the impact of the trade tariffs to farmers. It provides food and funding to TEFAP agencies but is considered a separate program. Hunger relief providers across Washington will receive two to three times more commodity foods than ever before due to TMP, including new products not usually available through federal commodity programs, like fresh milk, fresh produce, and pork products.

In the state of Washington, WSDA manages the administration, storage and distribution of TEFAP and TMP funding and commodities by contracting with 19 contractors to provide statewide coverage in all 39 counties. WSDA also utilizes a distribution contractor to provide for state-level storage and trucking for USDA products that cannot be direct shipped to the contractors. The contractors receive the commodities and administrative funding. Contractors enter into subcontracts with eligible local emergency food providers to assist in the distribution of food to eligible recipients within their service area. Local emergency food providers primarily consist of food pantries, to provide the “packaged” commodities, and meal programs that utilize the commodities in the preparation of a “hot meal” on site. This program reaches over 375,000 individuals each month. WSDA initially passes through a minimum of 78 percent of the USDA funding directly to contractors. Depending upon funds available for reallocation at the end of the federal fiscal year, the final pass-through is closer to 90 percent.

# TEFAP ALLOCATION PROCESS

## TEFAP Allocation Process

### CONTRACT AMOUNTS BASED ON THE AVAILABILITY OF FUNDS AND ALLOCATION FORMULA:

Contract awards are based on the amount of TEFAP funds available and the allocation formula.

- **Initial Allocation** – Prior to the start of a biennium, an annual base dollar amount is determined for each county based on discussion and recommendation of the FA Advisory Committee. The current base is \$10,000 per county. The remaining pass-through funding is then calculated based on each county's percentage of people living at or below the federal poverty level, based on the 5 year American Commodity Survey (ACS) estimates.
- **Year End Reallocation** – If there are remaining funds at the end of the federal fiscal year, the following will occur:
  - A percentage of remaining funds may be made available to the "Bonus Redistribution Centers" for reimbursement costs associated with the redistribution of frozen, cold, and/or fresh bonus foods to other contractors. Appropriate documentation must accompany all claims.
  - Remaining funds will be issued to contractors submitting documented claims in excess of their original allocation. These funds are allocated based on the same 5 year ACS poverty data as the initial allocation.

**Reimbursement Method** - The contractor submits expenditure reports on a monthly basis. The expenditure report is supported by either an expanded general ledger with account detail or complete back-up invoices. If the contractor submits only the expanded general ledger, then a financial review is conducted by WSDA staff during the regular program compliance review.

- If there is a reduction or increase in the amount of program funds available, WSDA may reduce or increase the amount of a contractor's original award. However, there may be other causes prompting a change in funding.
- With any increase or reduction in funding, WSDA sends the contractor a contract amendment specifying the amount of the reduction or increase.
- The contractor must also send an amendment to all affected subcontractors indicating their budget changes, where applicable.

### FOOD DISTRIBUTION ALLOCATION:

Commodities are allocated to contractors using the same per county formula as administrative funding with no base. Commodities are ordered only in amounts that can be expeditiously distributed without waste.

Commodities shall be initially allocated by each contractor as follows:

- **25 Percent to Meal Programs**
  - The contractor is not required to distribute the entire 25 percent to meal programs if the meal programs are unable to fully utilize their allocation.

# TEFAP ALLOCATION PROCESS

- When a contractor doesn't have any Meal Programs, it doesn't have to allocate any of the food for that purpose.
- The remaining food can be reallocated to the food pantry programs.
- **75 Percent to Food Pantry Programs**

The contractor does not need to notify WSDA of variances as long the initial 25 percent was offered to the meal programs and the meal programs took what they could use for the month it was offered.

In addition, reallocation between programs may be necessary to meet the USDA regulations in 7 CFR 250.14(d) and applicable FNS policy memoranda regarding inventory management which states that inventories may not exceed a six-month supply nor extend past the recommended shelf life of any given product. However, the state requires that inventories not exceed a three-month supply.

FA prepares a quarterly USDA Direct Shipments Workbook (shipments coming directly from USDA vendors) and a USDA Indirect Shipments Workbook (shipments coming directly from Northwest Harvest (NWH) or Food Lifeline (FLL) and 2<sup>nd</sup> Harvest as bonus redistribution centers) for each contractor, as applicable, not every contractor receives direct shipments. Projected quarterly allocations will depict the specific type and quantity of food scheduled to be issued for each quarter.

## PRIORITY SYSTEM:

The priority system distributes commodities received under this program to first meet the needs in Category One, then in Category Two, and finally in Category Three. This priority system will be used by the contractor to distribute TEFAP food to subcontractors.

Category One clients meet the direction provided to the State under the EFAP Act of 1983, to place highest priority on emergency and distress needs, including low-income and unemployed individuals/households. Category One includes both Meal Programs and Food Pantry Programs.

**Examples of the three categories are:**

### *Category One – Emergency and Distress:*

Households	Soup Kitchens	Shelters	Transitional Housing
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### *Category Two – Low-income*

Low Income Housing (Congregate Feeding)	Senior Programs
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### *Category Three – All Remaining Applicants:*

Drug & Alcohol	Summer Camps	Hospitals	Adult Day Care
Group Homes	Retirement Centers	Nursing Homes	Boys/Girls Club
Mental Health	Foster Care	Job Corps	

# TEFAP ALLOCATION PROCESS

## **ALLOCATION ADJUSTMENTS DUE TO DISASTERS AND SITUATIONS OF DISTRESS:**

In a presidentially declared disaster or a situation of distress determined by the state, all contractors may be required to transfer USDA commodities to the area of crisis.

- There will be no cost to the contractor for the transfer.
- In certain circumstances, USDA will be able to replace the value of the commodities provided for the crisis.

# ELIGIBILITY CRITERIA FOR CONTRACTORS

## Eligibility Criteria for Contractors

### **CONTRACTORS MUST MEET THE CRITERIA OF 7 CFR 251.3(D) AS AN ELIGIBLE RECIPIENT AGENCY WHICH:**

- Is public, or
- Is private, possessing tax exempt status under the Internal Revenue Code (IRC), or has applied for tax-exempt status with the IRC, and be moving toward such status. Nonprofit agencies organized or operated exclusively for religious purposes are automatically tax-exempt under the IRC.; and
- Is not a penal institution; and
- Provides food assistance; and is:
  - Exclusively to needy persons for household consumption, pursuant to a means test established pursuant to 7 CFR 251.5(b); or
  - Predominately to needy persons in the form of prepared meals pursuant to 7 CFR 251.5(a)(2)
- Meets all requirements of the contract and applicable regulations in 7 CFR 250 and 251 with the designated State agency pursuant CFR 251.2(c) for the receipt of commodities or administrative funds; and
- Falls into one of the following categories:
  - Emergency feeding organizations (including community action agencies, food banks, food pantries and meal programs);
  - Charitable institutions (including hospitals and retirement homes);
  - Summer camps for children, or child nutrition programs providing food service;
  - Nutrition projects operating under the Older Americans Act of 1965 (Nutrition Program for the Elderly), including projects that operate congregate Nutrition sites and projects that provide home-delivered meals; and
  - Disaster relief programs.
- Meets additional criteria as required by WSDA which may include being an existing contractor or subcontractor for other FA programs.

### **CONTRACTORS SHALL HAVE CONTRACTING CAPABILITIES:**

Contractors shall:

- Be registered as a nonprofit agency with the Secretary of State Office in Washington.
- Have management capabilities to administer the contract with WSDA.
- Have sufficient dry, cold, and frozen storage and transportation capacity for TEFAP foods
- Have internal control and fund accounting procedures to assure the proper disbursement of, and accounting for, all funds.
- Secure adequate insurance; additional information can be found in FD-139 Clarification on Inventory Protection Requirements.

# ELIGIBILITY CRITERIA FOR CONTRACTORS

## **ALL CONTRACTORS SHALL PRACTICE NONDISCRIMINATION IN SERVICES AND EMPLOYMENT:**

- Contractors must practice nondiscrimination in the employment of individuals and the delivery of services in all programs of the organization. In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA its agencies, offices and employees, and institutions participating in or administering USDA program are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.
- The Civil Rights Act of 1964 prohibits employment discrimination based on religion, but exempts religious entities from this prohibition. 7 CFR § 16.3(c) expressly provides that religious organizations participating in USDA assistance programs do not waive this exemption. Consistent with this legal authority, religious employers may preferentially hire persons whose beliefs and conduct are consistent with the employers' religious precepts and not be at risk of losing USDA federal assistance funding.
- The full [USDA Nondiscrimination Statement](#) can be found on the [Food Assistance](#) webpage. Other languages are available from USDA at: [www.fns.usda.gov/cr/fns-nondiscrimination-statement](http://www.fns.usda.gov/cr/fns-nondiscrimination-statement).

## **CONTRACTORS SHALL NOT HAVE BEEN DEBARRED:**

- The contractor certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded in any federal or state department or agency from participating in transactions.

# ELIGIBILITY CRITERIA FOR SUBCONTRACTORS

## Eligibility Criteria for Subcontractors

### **SUBCONTRACTORS MUST MEET CRITERIA BEFORE RECEIVING TEFAP FOOD OR FUNDING:**

The contractor shall determine the eligibility of a new food pantry, including tribes, and meal providers prior to subcontracts being issued. A subcontract is required per the [Contracting Structure](#) section of this manual.

Subcontractors must meet the criteria of 7 CFR 251.3(d) as an eligible recipient agency which:

- Is public, or
- Is private, possessing tax exempt status pursuant to 7 CFR 251.5(a)(3); and
- Is not a penal institution; and
- Provides food assistance; and is:
  - Exclusively to needy persons for household consumption, pursuant to a means test established pursuant to 7 CFR 251.5(b); or
  - Predominately to needy persons in the form of prepared meals pursuant to 7 CFR 251.5(a)(2).
- Meets the criteria to enter into an agreement with the designated contractor pursuant to 7 CFR 251.2(c) for the receipt of commodities or administrative funds.
- Falls into one of the following categories:
  - Emergency feeding organizations (including community action agencies, food banks, food pantries and meal programs);
  - Charitable institutions (including hospitals and retirement homes);
  - Summer camps for children, or child nutrition programs providing food service;
  - Nutrition projects operating under the Older Americans Act of 1965 (Nutrition Program for the Elderly), including projects that operate congregate nutrition sites and projects that provide home-delivered meals; and
  - Disaster relief programs.
- Contractors may also require an organization that is a church and does not have a 501 (c) (3) to complete the [Alternate 501 \(c\) \(3\) Church Verification Form](#) (AGR-2241) verifying that the organization is recognized in the community as a church.

### **Subcontractors must:**

- Be currently registered as a nonprofit agency with the Secretary of State Office in Washington.
- Have sufficient dry, cold, and frozen storage capacity for TEFAP foods.
- Have sufficient insurance or means to provide for coverage of the loss of any program foods.

### **SUBCONTRACTORS RECEIVING CASH:**

#### **Subcontractors receiving cash must:**

- Have established internal controls and fund accounting procedures to assure the proper disbursement of, and accounting for, all funds provided.

# ELIGIBILITY CRITERIA FOR SUBCONTRACTORS

## **ALL SUBCONTRACTORS SHALL PRACTICE NONDISCRIMINATION IN SERVICES AND EMPLOYMENT:**

- Subcontractors must practice nondiscrimination in the employment of individuals and the delivery of services in all programs of the organization. In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA its agencies, offices and employees, and institutions participating in or administering USDA program are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.
- The Civil Rights Act of 1964 prohibits employment discrimination based on religion, but exempts religious entities from this prohibition. 7 CFR § 16.3(c) expressly provides that religious organizations participating in USDA assistance programs do not waive this exemption. Consistent with this legal authority, religious employers may preferentially hire persons whose beliefs and conduct are consistent with the employers' religious precepts and not be at risk of losing USDA federal assistance funding.
- The full [USDA Nondiscrimination Statement](#) can be found on the [Food Assistance](#) webpage. Other languages are available from USDA at: [www.fns.usda.gov/cr/fns-nondiscrimination-statement](http://www.fns.usda.gov/cr/fns-nondiscrimination-statement).

## **SUBCONTRACTORS SHALL NOT HAVE BEEN DEBARRED:**

- The Subcontractor certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded in any federal or state department or agency from participating in transactions.

## Selection Process

### **SELECTING A NEW CONTRACTOR:**

WSDA is responsible for the selection of contractors. Existing TEFAP contractors are currently considered ongoing (permanent) unless there are performance issues that require suspension or termination of the contractor. If WSDA terminates a contractor or a contractor notifies WSDA that they no longer wish to be the contractor then a new contractor must be selected. Selection criteria and considerations include but are not limited to the following:

- Preference may be given to existing WSDA Food Assistance contractors in closest proximity to the impacted county that have the capacity to expand their service area.
- Consideration may be given to the impacts on other contractors implementing WSDA FA programs.
- WSDA reserves the right to also select contractors based on their performance as an existing WSDA Food Assistance contractor or subcontractor and/or their ability to improve the effectiveness and efficiency of the TEFAP distribution system.
- If an existing contractor is determined by WSDA to not be the most effective option, then WSDA will make every effort to work with the impacted subcontractors to seek input on determining the most effective alternatives for a new contractor. However, WSDA reserves the right to select a new contractor immediately in order to prevent any gap in service.
- WSDA will contact the food pantries and meal programs in the county to inform them that a new contractor has been selected.
- The new contractor must enter into new subcontracts with the food pantries and meal providers (subcontractors) or by assignment of the existing subcontract.

### **Prospective and Existing contractors may send a Letter of Interest to WSDA:**

Prospective and existing contractors may send a Letter of Interest to WSDA indicating their interest in being considered for any future contractor vacancies or service area expansion. The letter should include:

- Contact information;
- Eligibility; assurance that your agency meets the eligibility criteria;
- County or counties; indicate which counties your organization is interested in providing service to;
- Brief description of how your agency would deliver TEFAP program services:
  - A description of how you would plan to operate the program in accordance with state and federal regulations; including meeting nutrition education requirements.
  - Identify any challenges or benefits this might have on the county's current emergency food assistance system.
  - Identify any mutual agreement amongst contractors and the prospective contractor wishing to contract for a specific service area.

WSDA will respond to the request within 60 days of receiving the Letter of Interest. The response will be to inform the requesting agency of their eligibility status only and not a guarantee of participation in the program as a contractor.

# SELECTION PROCESS

WSDA will maintain a list of prospective contractors, who submitted a Letter of Interest, for future consideration. This in no way limits WSDA's right to select contractors who do not submit a Letter of Interest.

## **SELECTING A NEW SUBCONTRACTOR**

Contractors are responsible for the selection of their subcontractors. Subcontractors must meet the eligibility criteria. The selection criteria may include but is not limited to the following:

- Contractors may place limits on accepting any new subcontractors if service areas are already being served by other subcontractors.
- Contractors may choose to have multiple subcontractors provide service to the same area; serving the needs of specific populations within the service area (seniors, low-income housing, cultural, nutritional, etc.).
- Refer to [Priority System](#) under the TEFAP Allocation Process.

## Contracting Structure

### CONTRACT

WSDA contracts directly with a contractor for program(s) implementation at the local level within a set “region.” The agreement is between the state and the contractor. The contractor **is not** required to have a subcontract with its own **contractor owned sites** or **contractor operated sites** but must ensure that all requirements of the [TEFAP Subcontract](#) (AGR-2215) are met. The contractor is not required to enter these types of sites into the TEFAP Risk Assessment but must list them on the Contractor Owned and Operated Site List in the contract with WSDA that is effective Oct. 1, 2019. WSDA will do spot check reviews of these types of sites during the contractor’s compliance review.

#### Contractor Owned Sites:

- Contractor owned food pantries or meal programs, located on the contractor’s main property. These are typically permanent sites.
- Contractor owned satellites that are not located on the contractor’s property. These are typically permanent sites.
- Contractor owned mobile food pantries and meal delivery programs.

#### Contractor Operated Sites:

- Temporary or permanent sites that are temporarily run by the contractor or one of their volunteers at a non-contractor owned location. This includes an apartment building, community center, temporarily staffing a distribution at a senior center, food pantry, or meal program.
- This does not include distributions out of mobile food pantries or mobile meal delivery programs.

The contractor **is** required to have a subcontract in-place for contractor sponsored sites, sites owned and operated by other entities, and any organization that fulfills any contractor level delegated responsibilities in the overall administration of the program(s). All TEFAP/TMP Subcontract Face Sheets and Subcontractor Site Listings must be sent to WSDA within 30 days of the execution of the subcontract.

#### Contractor Sponsored Sites:

- An organization or tribe that may not meet all eligibility criteria or have the ability to perform all aspects of the subcontract, serves as a TEFAP distribution site, is a separate entity from the contractor, and is sponsored by the contractor. The contractor accepts sole responsibility for the sponsored site and for ensuring program compliance. The subcontract should clearly outline the respective roles and responsibilities of the contractor and sponsored site. The site is **not** run by the contractor’s staff or owned by the contractor. It is run by the site, typically volunteers, but the contractor is taking the responsibility. WSDA will hold the contractor solely responsible for the sponsored site. These sites will need to be reported on the TEFAP Risk Assessment. [TEFAP Subcontract](#) (AGR-2215) is required unless an alternate subcontract has been approved by WSDA.

#### Sites Owned and Operated by an Independent Eligible Organization:

- An independently owned and operated organization or tribe, meets all eligibility criteria, and is a separate entity from the contractor. This model is typically the most common or standard model used in the state. These sites will need to be reported on the TEFAP Risk Assessment. [TEFAP Subcontract](#) (AGR-2215) is required unless an alternate subcontract has been approved by WSDA.

# CONTRACTING STRUCTURE

## An Organization that performs Contractor level duties:

- In rare circumstances, the contractor may wish to delegate certain contractor-level duties to another entity to perform those function on behalf of the contractor. This may include a contractor subcontracting for storage or transportation of food including inventory functions. These sites will need to be reported on the TEFAP Risk Assessment.

## SUBCONTRACT

For purposes of FA programs, only subcontractors who are defined as “Sites Owned and Operated by an Independent Eligible Organization” (see above) may further operate subcontractor owned sites and subcontractor operated sites **without** entering into an agreement. Contractor prior approval is required and approval is solely at the discretion of the contractor. These sites must be listed on the subcontract with the contractor and will not need to be included in the TEFAP Risk Assessment. WSDA and the contractor will do spot check reviews of these types of sites during the subcontractor’s compliance review.

### Subcontractor Owned Sites:

- Subcontractor owned food pantries or meal programs that are not located on the subcontractor’s property. These are typically called satellite sites and are permanent sites.
- Subcontractor owned mobile food pantries/meal programs.

### Subcontractor Operated Sites:

- Temporary or permanent sites that are temporarily run by the subcontractor or one of their volunteers at a non-subcontractor owned location. This includes apartment buildings, parking lot of a community center, temporarily staffing a distribution at a senior center, food pantry, or meal program.

In addition, this type of subcontractor may sponsor a site if there is **an agreement in place** and the contractor has given their prior approval. Again, approval is solely at the discretion of the contractor. The sponsored site must be listed on the subcontract with the contractor and will not need to be included in the TEFAP Risk Assessment. WSDA and the contractor will do spot check reviews of these types of sites during the subcontractor’s compliance review.

### Subcontractor Sponsored Sites:

- An organization or tribe that may not meet all eligibility criteria or have the ability to perform all aspects of the subcontract, serves as a TEFAP distribution site, is a separate entity from the subcontractor, and is sponsored by the subcontractor. The subcontractor accepts sole responsibility for the sponsored site and for ensuring program compliance. The agreement should clearly outline the respective roles and responsibilities of the subcontractor and sponsored site. The site is **not** run by the subcontractor’s staff or owned by the subcontractor. It is run by the site, typically volunteers, but the subcontractor is taking the responsibility. The contractor will hold the subcontractor solely responsible for the sponsored site.

# CONTRACTOR RESPONSIBILITIES

## Contractor Responsibilities

### ADHERE TO TEFAP REQUIREMENTS AND RESPONSIBILITIES:

Contractor shall comply fully with, and ensure any subcontractor complies fully with, the following TEFAP requirements and responsibilities:

- All provisions of the WSDA contract, subcontract templates, and future amendments, including general terms and conditions
- 7 CFR 250, unless they are inconsistent with the provisions of 7 CFR 251
- 7 CFR 251
- Other USDA Regulations and Policies referenced in 7 CFR 250 and 7 CFR 251
- TEFAP Procedures Manual; TEFAP State Plan
- USDA and WSDA Instructions
- All applicable federal and state laws and policies
- Requirements relating to food safety and food recalls
- All TEFAP requirements apply to the Trade Mitigation Program (TMP)
- Review [FNS Policies](#) quarterly

*Not all contractor responsibilities are noted in this section; additional responsibilities are highlighted throughout this manual.*

### AUDITS:

Contractor shall submit all audits, regardless of type, to WSDA or if the contractor obtains audits for its own purposes. If a contractor receives federal funding, from any source (including the value of federal food), then the contractor must complete the [FA Single Audit Exemption Form](#) (AGR-2207). The form is to be sent to WSDA annually, within 30 days after the end of the contractor's fiscal year. The Code of Federal Domestic Assistance (CFDA) for TEFAP administrative funding is 10.568 and for food it is 10.569. The CFDA number for TMP administrative funding and food is 10.178.

#### Types of Audits:

##### **Option 1: Federal Funding of \$750,000 or more:**

If the contractor expends \$750,000 or more from all federal sources during contractor's fiscal year, as determined under Part 200.501 of the Federal Award Uniform Guidance, contractor shall obtain an annual Single Audit conducted in compliance with Federal Award Uniform Guidance and the requirements of the contract. The \$750,000 or more includes the value of food received from federal food programs. TEFAP funding may be used to pay for the audit, proportionate to TEFAP's fair share.

# CONTRACTOR RESPONSIBILITIES

## ***Option 2: Federal Funding of \$749,999 or less and State Funding of \$100,000 or more:***

If the contractor is not required to complete a Single Audit, as noted above in Option 1, and expends \$100,000 or more in total state funds (from any source) in a fiscal year, contractor must have a financial audit at least every two years that covers the previous two years as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The \$749,999 or less includes the value of food received from federal food programs. TEFAP funds may not be used to pay for this type of audit. If the contractor also receives EFAP state funding then they may use EFAP funds to pay for the audit, proportionate to EFAP's fair share.

## ***Option 3: Federal Funding of \$749,999 or less and State Funding between \$20,000 and \$99,999:***

If the contractor is not required to complete a Single Audit, as noted above in Option 1, or a financial audit under Option 2, or obtains an audit for its own purpose then the contractor shall submit an [Accounting System Verification Form for Contractors](#) (AGR-2206) signed by an independent certified public accountant or appropriate financial officer who provides services for the contractor, annually. The \$749,999 or less includes the value of food received from federal food programs.

### **WSDA Requirements:**

- Contractors must submit a copy of its most recent audit or financial statements, regardless of type, to WSDA. Including any management letters with documentation showing how any problems (questioned costs, management findings, or inadequate internal controls) were resolved.
- Contractors must ensure that all their subcontractors are compliant with all audit requirements listed in the subcontract and in the [Subcontractor Responsibilities](#) section of this manual.

### **Additional Resources:**

- For additional guidance on [OMB Uniform Guidance Audit Requirements – Subpart F](#) and [USDA Policy FD-037](#).
- For additional guidance in determining the value of USDA Donated Foods for Audits refer to [USDA Policy FD-104](#).

### **CONTRACTING:**

Prior to receiving TEFAP commodities or administrative funds the contractor and its subcontractors must:

- Meet the [Eligibility Criteria for Contractors](#) or subcontractor, as applicable.
- Meets all requirements of the contract and applicable regulations in 7 CFR 251 and 250 with the designated State agency pursuant to 7 CFR 251.2 (2) and 250, as applicable, prior to the receipt of commodities or administrative funds.
- Has entered into an agreement with the designated state agency pursuant to 7 CFR 251.2 (2) for the receipt of commodities or administrative funds, or receives commodities or administrative funds under an agreement (subcontract) with another eligible recipient agency which has signed such an

# CONTRACTOR RESPONSIBILITIES

agreement with the state agency or another eligible contractor with the state pursuant to 7 CFR 251.2(2).

## **Contractors Must Enter Into Subcontracts:**

- Contractors must enter into subcontracts, as outlined in the [Contracting Structure](#) section, prior to providing the recipient agency with food or funding and submit these subcontracts to WSDA within 30 days of the executed subcontract.
- Subcontracts must be consistent with subcontract template as provided and required by WSDA. Prior approval of any proposed changes is required. Maintain on file all required documentation.
- If subcontractors perform additional duties or activities (such as transportation or storage for other subcontractors) on behalf of the contractor, this must be reflected in the subcontract or by amendment to the subcontract.

## **SERVICE AREA:**

Contractor shall endeavor to the best of its ability to distribute TEFAP food throughout its total service area.

- If a food pantry subcontractor can no longer provide service or is terminated it is the responsibility of the contractor to provide service to impacted clients.
- Notify your FA regional representative and discuss options:
  - Temporary distribution site; including mobile food pantries
  - Find an alternate subcontractor or new subcontractor that can provide service to the impacted area; short-term and/or long-term
  - Maintain at least a monthly distribution minimum
  - Public notification system to inform clients of alternate distribution options to include date, time and location of alternate site

## **ANNUAL TEFAP RISK ASSESSMENT:**

Contractor shall submit the TEFAP risk assessment for all of its TEFAP subcontractors as listed in the [Contracting Structure](#) section, by the due date, as determined by WSDA.

## **CONTRACTORS SHALL NOT HAVE BEEN DEBARRED:**

- Contractor shall notify WSDA within thirty 30 days of any exclusion from participating in any federal or state transactions.
- The contractor agrees to include the above requirements in all subcontracts.
- Contractors shall ensure their subcontractors are not debarred.

# CONTRACTOR RESPONSIBILITIES

## CONTRACTORS MUST PROVIDE SUBCONTRACTORS WITH PROGRAM INFORMATION:

- Pass through program information that affects the management of TEFAP to its subcontractors. This includes information on new, modified, and ongoing policies and procedures.
- Provide subcontractors with a copy of [TEFAP Procedures Manual](#).
- Offer technical assistance to help subcontractors carry out their TEFAP obligations.
- Ensure that subcontractors implement any policy changes.

## WSDA MAY REQUIRE CONTRACTOR TO ATTEND MEETINGS OR TRAININGS:

Notification of required or recommended attendance at meetings will be sent by WSDA. These may include meetings for:

- Updating contractor on policies or procedures.
- Providing information on changes in legislation affecting TEFAP.
- Providing training that would result in better service to clients.
- Regional training meetings.

## CONTRACTORS WILL ASSURE THAT ALL SUBCONTRACTORS HAVE THE FOLLOWING REQUIRED DOCUMENTS POSTED IN A CONSPICUOUS LOCATION:

- USDA “And Justice for All” poster (original, no copies), and the full [USDA Nondiscrimination Statement](#) (AGR PUB 609-488)
- If a subcontractor is a religious organization it must display the [TEFAP Written Notice of Beneficiary/Client Rights](#) (AGR PUB 609-565) poster; available from WSDA
- Current [Income Guidelines](#) (AGR PUB 609-445); not required for Meal Providers
- Hours / Days of operation
- Other, as required

## CONTRACTORS SHALL CONDUCT COMPLIANCE REVIEWS OF SUBCONTRACTORS’ PERFORMANCE:

Contractor is responsible for monitoring a minimum of 10 percent of their subcontractors annually. Contractor must use the [Subcontractor Review](#) (AGR-2227) form or seek prior approval for use on an alternate form. Each year, upon request by WSDA, the contractors will provide a list of the sites they plan to review. Contractors shall review subcontractors' activities to assure they are following WSDA policies. This includes:

- Verifying that subcontractor meets all criteria for TEFAP subcontractors;
- Verifying all TEFAP expenditures are appropriate and reported timely, and that other applicable policies are followed;
- Review eligibility determinations;
- Review client intake forms, including electronic systems;

# CONTRACTOR RESPONSIBILITIES

- Review distribution rate formula;
- Review storage, warehousing practices, and inventory control system; including TMP foods;
- Verify annual civil rights training was conducted for all volunteers and staff;
- Verify compliance with [USDA FD-138 Written Notice and Referral Requirements](#) for all faith-based and religious subcontractors. Specific guidance is available in the [Client Management](#) section of this manual.

## **CONTRACTORS MUST TAKE ACTION TO CORRECT SUBCONTRACTORS' PERFORMANCE:**

Contractor shall take action to correct any subcontractor noncompliance:

- Contractor may give a subcontractor a specific period of time to comply and shall follow the process for suspending or terminating a subcontractor as outlined in the subcontract.
- If significant corrective action deficiencies are found during the review, contractor must send a copy of the written report or form to WSDA. Corrective actions are typically used when a deficiency is significant in nature, denial by subcontractor to correct the deficiency, or historical noncompliance by the subcontractor in addressing lower level deficiencies;
- Contractors shall ensure that any required follow-up or corrective action has been completed and note that in the subcontractor's file or review form.

## **ADHERE TO OTHER TEFAP REQUIREMENTS AND POLICES:**

- Contractor will track inventory records monthly for each subcontractor. See [Commodity Management](#) section of this manual.
- Contractor will maintain current records for all subcontractors, monitoring changes in subcontractors contact person's name, telephone number, mailing and/or physical address.
  - Contractor is required to notify WSDA within 10 days of receiving these changes.
- The contractor will assure that the subcontractor has a system in place maintaining, on at least an annual basis, the required household participation data. See [Client Management](#) section of this manual.
- Contractors that provide direct services must register with 211 statewide health and human services information and referral system within 30 days of the start date of the contract.
- Contractor shall be registered in the [System for Award Management](#) (SAM) and continue to maintain an active SAM registration with current information at all times during which it receives federal funding.
- In order to receive payment from WSDA the contractor must first register with the [Statewide Payee Desk](#). When you register you may choose to have your payments directly deposited to your bank or mailed to you as a check.

# SUBCONTRACTOR RESPONSIBILITIES

## Subcontractor Responsibilities

### **ADHERE TO TEFAP PROGRAM REQUIREMENTS AND RESPONSIBILITIES:**

Subcontractor shall comply fully with the following TEFAP requirements and responsibilities, including those referenced in the [Contractor Responsibilities](#) section (as applicable):

- All provisions of the subcontract and future amendments
- 7 CFR 250, unless they are inconsistent with the provisions of 7 CFR 251
- 7 CFR 251
- Other USDA Regulations and Polices referenced in 7 CFR 250 and 7 CFR 251
- TEFAP Procedures Manual; TEFAP State Plan
- USDA, WSDA, and Contractor Instructions
- All applicable federal and state laws and policies; including contractor policies
- Requirements relating to food safety and food recalls
- All TEFAP requirements apply to the Trade Mitigation Program (TMP)

**Not all subcontractor responsibilities are noted in this section; additional responsibilities are highlighted throughout this manual.**

### **AUDITS:**

Subcontractor shall submit all audits, regardless of type, to the contractor, or if the subcontractor obtains audits for its own purposes. If a subcontractor receives federal funding, from any source (including the value of federal food), then the subcontractor must complete the [Audit Requirement Form for Subcontractors](#) (AGR-2217). The form is to be sent to the contractor annually, within 30 days after the end of the subcontractor's fiscal year.

### **Types of Audits:**

#### ***Option 1: Federal Funding of \$750,000 or more:***

If the subcontractor expends \$750,000 or more from all federal sources during subcontractor's fiscal year, as determined under Part 200.501 of the Federal Award Uniform Guidance, subcontractor shall obtain an annual Single Audit conducted in compliance with Federal Award Uniform Guidance and the requirements of the subcontract. The \$750,000 or more includes the value of food received from federal food programs. TEFAP funding may be used to pay for the audit, proportionate to TEFAP's fair share.

#### ***Option 2: Federal Funding of \$749,999 or less and State Funding of \$100,000 or more:***

If the subcontractor is not required to complete a Single Audit, as noted above in Option 1, and expends \$100,000 or more in total state funds (from any source) in a fiscal year, subcontractor must have a financial

# SUBCONTRACTOR RESPONSIBILITIES

audit at least every two (2) years that covers the previous two (2) years as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The \$749,999 or less includes the value of food received from federal food programs. TEFAP funds may not be used to pay for this type of audit. If the subcontractor also receives EFAP state funding then they may use EFAP funds to pay for the audit, proportionate to EFAP's fair share.

### ***Option 3: Federal Funding of \$749,999 or less and State Funding between \$20,000 and \$99,999:***

If the subcontractor is not required to complete a Single Audit, as noted above in Option 1, or a financial audit under Option 2, or obtains an audit for its own purpose then the subcontractor should submit an [Accounting System Verification Form for Subcontractors](#) (AGR-2206) signed by an independent certified public accountant or an appropriate financial officer who provides services to the subcontractor. This form is due every two years to their contractor, 45 days after the execution of the subcontract. The \$749,999 or less includes the value of food received from federal food programs.

### **WSDA Requirements:**

- Subcontractors must submit a copy of its most recent audit or financial statements, regardless of type, to their contractor. Including any management letters with documentation showing how any problems (questioned costs, management findings, or inadequate internal controls) were resolved.

### **Additional Resources:**

- For additional guidance on [OMB Uniform Guidance Audit Requirements – Subpart F](#) and [USDA policy FD-037](#).
- For additional guidance in determining the value of USDA Donated Foods for Audits refer to [USDA policy FD-104](#).

### **CONTRACTING:**

Prior to receiving TEFAP commodities or administrative funds the subcontractor must:

- Meet the [Eligibility Criteria for Subcontractors](#);
- Have entered into a signed agreement with the contractor pursuant to 7 CFR 251.2 (2) for the receipt of commodities or administrative funds prior to releasing any commodities or administrative funds under the agreement (subcontract).

### **SUBCONTRACTORS SHALL HAVE THE FOLLOWING REQUIRED DOCUMENTS POSTED IN A CONSPICUOUS LOCATION:**

- USDA “And Justice for All” poster (original, no copies), and the full [USDA Nondiscrimination Statement](#) (AGR PUB 609-488)
- If a subcontractor is a religious organization it must display the [TEFAP Written Notice of Beneficiary/Client Rights](#) (AGR PUB 609-565) poster; available from WSDA

# SUBCONTRACTOR RESPONSIBILITIES

- Current [Income Guidelines](#) (AGR PUB 609-445); not required for Meal Providers
- Hours / Days of operation
- Other, as required

## **SUBCONTRACTORS SHALL NOT HAVE BEEN DEBARRED:**

Subcontractor shall notify the contractor within 30 days of any exclusion from participating in any federal or state transactions.

## **SUBCONTRACTORS MUST COORDINATE SERVICES AND ADHERE TO OTHER TEFAP POLICIES:**

Subcontractors must:

- Coordinate emergency food services with similar programs administered by the federal government, Washington State, and other community organizations.
- Have information available for clients about other resources such as job training, mental health and substance abuse counseling, emergency housing, rental assistance, cash assistance, child care and energy assistance.
- The contractor may require subcontractors to also carry fidelity insurance.
- Make reasonable effort to secure the services of volunteers and work training participants to supplement paid labor.
- Register with 211 statewide health and human services information and referral system within 30 days of the start date of the Subcontract.
- Submit all reports on time.
- Maintain accurate and complete records for a period of six years from the end date of the subcontract or longer if the records are related to unresolved claim actions, audits, or investigations.
- Attend meetings as required by the contractor and/or WSDA.
- Complete all required civil rights training on an annual basis.

## SECTION 3: CLIENT MANAGEMENT

### Section 3: Client Management

# TEFAP PROCEDURES MANUAL SECTION 3: CLIENT MANAGEMENT

# WRITTEN CLIENT PRIVACY STANDARDS

## Written Client Privacy Standards Requirements

### **CONTRACTORS AND SUBCONTRACTORS MUST HAVE WRITTEN CLIENT PRIVACY STANDARDS:**

All providers must respect the privacy of clients and make reasonable attempts to safeguard their information. Personally identifiable information (PII) collected, used or acquired in connection with providing emergency food services must be used only for the purpose of those programs.

- **Personal information (PII)** includes any information that identifies an individual's health, education, business, use or receipt of governmental services, names, addresses, age, telephone numbers, social security numbers, driver's license numbers and finances including financial profiles, credit card numbers or other identifying numbers.
  - **No personal identifiers associated with this program's data may be shared with individuals or agencies outside of your organization, this program, etc., without written consent.**
  - One cannot release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons the personal information without express written consent of the client or as provided by law.
- Contractors and subcontractors with direct client contact must have written client privacy policies on file.
  - Subcontractors must have on file with the contractor copies of their client privacy policies.
- Providers who make referrals for clients must have a copy of the client release form on file with the contractor.
- Written consent from the client shall include what client information can be shared and to whom or which agencies/businesses. For a sample client release form, please contact your FA Regional Representative.
- Providers agree to implement physical, electronic and managerial safeguards to prevent unauthorized access to personal information.

### **MONITORING BY WSDA OF PERSONAL INFORMATION COLLECTED:**

WSDA reserves the right to monitor, audit or investigate the use of personal information collected, used or acquired by the contractor. Not properly maintaining clients' private information could result in termination of contract or subcontract.

- Contractor shall agree to indemnify and hold harmless WSDA for any damages related to the contractor's unauthorized use of personal information.
- Contractor shall monitor the use of personal information collected by subcontractors.
- Subcontractors shall agree to indemnify and hold harmless the contractor for any damages related to the subcontractor's unauthorized use of personal information.

# USDA NONDISCRIMINATION STATEMENT

## United States Department of Agriculture (USDA) Nondiscrimination Statement

**All organizations that receive federal food or funding from WSDA must share this nondiscrimination statement with all clients.**

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.

Persons with disabilities who require alternative means of communication for program information (e.g. Braille, large print, audiotape, American Sign Language, etc.), should contact the agency (state or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](#), (AD-3027) found online at: [ascr.usda.gov/complaint\\_filing\\_cust.html](https://ascr.usda.gov/complaint_filing_cust.html), and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

**Mail:** U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;

**Fax:** (202) 690-7442; or

**Email:** [program.intake@usda.gov](mailto:program.intake@usda.gov)

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# FD-138 WRITTEN NOTICE AND REFERRAL

## FD-138 Written Notice and Referral Requirements for Beneficiaries Receiving CSFP and TEFAP Benefits from Religious Organizations.

**All faith-based or religious organizations that receive federal food or funding from WSDA must share this referral requirement with all clients**

Per 7 CFR Part 16.4(f) Faith-based or religious organizations that receive USDA food or administrative funds for TEFAP or CSFP must give written notice in the manner prescribed by [FNS Policy Memorandum FD-138](#) to all beneficiaries and prospective beneficiaries of the right to be referred to an alternate provider when available. It is the responsibility of the contractor to ensure that all faith-based or religious TEFAP subcontractors follow this policy.

### **TEFAP WRITTEN NOTICE OF BENEFICIARY/CLIENT RIGHTS POSTER:**

TEFAP organizations are exempted from providing individual written notice of beneficiary protections to their clients but are required to display the [TEFAP Written Notice of Beneficiary/Client Rights](#) poster (AGR PUB 609-565) in a prominent place. The poster is available by request and also on the Food Assistance webpage.

### **TEFAP AND CSFP BENEFICIARY/CLIENT REFERRAL REQUEST FORM:**

Per 7 CFR Part 16.4(g) If a beneficiary or prospective beneficiary of CSFP or TEFAP objects to the religious character of an organization that provides services under the program, that organization must promptly undertake reasonable efforts to identify and refer the beneficiary to an alternate provider, if available, to which the prospective beneficiary has no objection. The referral must be to an alternate provider, if available, that is in reasonable geographic proximity, offers services that are similar in substance and quality, and has the capacity to accept additional clients. Organizations are required to use the [TEFAP and CSFP Beneficiary/Client Referral Request Form](#) (AGR-2231). All TEFAP and CSFP Beneficiary/Client Referral Request Forms must be maintained on file for a period of at least six years from the close of the contract or subcontract to which they pertain.

- If the organization determines that it is unable to identify an alternate provider, the organization must promptly notify the state agency or contractor with which it has agreement.

### **EXPLICITLY RELIGIOUS ACTIVITIES ARE NOT ALLOWED:**

7 CFR Part 16.4 Organizations that receive USDA direct assistance under any USDA program may not engage in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, as part of the programs or services supported with USDA direct assistance. See [USDA Policy FD-141](#) Question and Answer for further clarification on explicitly religious activities.

# FD-138 WRITTEN NOTICE AND REFERRAL

- Organizations must not require program participants or prospective participants to participate in explicitly religious activities in order to receive CSFP or TEFAP.
- If there is an explicitly religious activity that takes place at the distribution site, it must be separate in time or location.
- Organizations must make it clear that explicitly religious activities are not endorsed by the USDA.
- Organizations cannot use CSFP or TEFAP funds to support any explicitly religious activities, speech or materials.

# CIVIL RIGHTS POLICY

## Civil Rights Policy

**The civil rights policy applies to all organizations that receive federal food or funding from WSDA.**

The policy of WSDA Food Assistance is to not discriminate against any class of persons in all services to clients. WSDA expects local programs to provide food to every person who seeks it, regardless of their status as a member of any class of person.

See the full [USDA Nondiscrimination Statement](#) as well as state and local laws for protected class information. Regardless of what classes are protected under law, food banks, food pantries and meal programs are more likely to avoid a discrimination claim by following WSDA's policy to not discriminate against any class of people. The purpose of the program is not to judge a person's status, but to feed hungry people.

As well as not discriminating against any class of people, providers must also adhere to the following:

- Employees and volunteers meeting the same eligibility requirements for services shall be given the same opportunity to receive services and shall be treated the same as other clients.
- They must treat all clients with dignity.
- They shall not require, request or accept payment or donations from clients for food received.
- They shall not practice evangelism or proselytize, request or require clients to participate in any kind of religious service as condition for receiving emergency food.
- They may not put religious literature in food bags, pray in the presence of clients or ask clients if they would like to pray before, during or after receiving food. Food Pantry activities must be separate from any religious activities.
- They may have religious literature on a table or counter that clients may voluntarily take separate from any food being distributed.

Contractors will ensure that they and their subcontractors have in place a notification system that includes informing applicants and clients, at the service delivery point, of their right to file or make a verbal complaint including an anonymous complaint. At a minimum, this can be accomplished by posting the USDA Title VI "And Justice for All" nondiscrimination poster (original, not a photocopy) displayed in a conspicuous location at all food pantries and meal programs (distribution sites). They must also put the nondiscrimination language on all printed brochures.

All agencies that receive federal financial assistance, including food, must provide civil rights training to volunteers and staff involved in all levels of the administration of these programs on an annual basis. Contractors are responsible for providing their staff and volunteers that interact with clients and/or who handle personal information of clients with training on civil rights annually. Contractors will ensure their subcontractors provide training for their staff and volunteers on an annual basis.

WSDA provides [civil rights training tools](#) on the Food Assistance webpage.

# CIVIL RIGHTS TRAINING

## Civil Rights Training

The civil rights training requirement applies to all organizations that receive federal food or funding from WSDA.

### **CONTRACTORS WILL ASSURE THAT THEY AND THEIR SUBCONTRACTORS HAVE ANNUAL CIVIL RIGHTS TRAINING.**

Pursuant to [FNS Policy Memo FD-113](#), contractors are responsible for providing their staff and volunteers that interact with clients and/or who handle personal information of clients with training on civil rights annually.

Contractors will set up policies to ensure their subcontractor's staff and volunteers that interact with clients, and/or who handle personal information of clients receive the same training. The contractor is required to keep documentation of civil rights training, for all staff and volunteers on file and available for review. Contractor shall also ensure that subcontractor keeps required documentation of civil rights training, for all staff and volunteers on file and available for review.

Food Assistance has provided two training checklists on its webpage for contractors and subcontractors to use as a minimum standard for civil rights training.

- [Civil Rights Training for Frontline Staff, Volunteers, and Management](#)
- [Civil Rights Training for Non-Frontline Staff and Volunteers](#)

These [Civil Rights Training Instructions](#) and Checklists can be found on the Food Assistance webpage at: [agr.wa.gov/services/food-access/hunger-relief-agency-hub/contracts-and-attachments/civil-rights-compliance](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/contracts-and-attachments/civil-rights-compliance)

# CIVIL RIGHTS COMPLAINT PROCESS

## Civil Rights Complaint Process

Contractors will assure that they and their subcontractors follow the civil rights complaint process:

### FEDERAL CIVIL RIGHTS LANGUAGE:

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.

Any person or representative alleging discrimination based on a prohibited basis has the right to file a complaint within 180 days of the alleged discriminatory action. Complaints may be accepted written or verbal. If the allegation is received verbally, the person to whom they are made is responsible for writing up the elements of the complaint for the complainant.

**Filing a Federal Civil Rights Complaint** – Advise people who allege discrimination based on one or more of the federally protected classes listed above on how to file a complaint by using the [USDA Program Discrimination Complaint Form](#), (AD-3027) found online at [www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer](http://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer) and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

**Mail:** U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
Independence Avenue SW  
Washington, DC 20250-9410

**Fax:** (202) 690-7442; or

**Email:** [program.intake@usda.gov](mailto:program.intake@usda.gov).

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### FEDERAL CIVIL RIGHTS COMPLAINTS:

A participant may address complaints directly to the organization in which they receive assistance. Federal civil rights complaints may be submitted directly to United States Department of Agriculture (USDA) using the [USDA Program Discrimination Complaint Form](#) (AD-3027). Contractors and their subcontractors must accept and process all federal civil rights complaints received by a participant regardless of whether the complaints are written, verbal, or anonymous.

**Verbal Complaints** - In the event that a complainant makes the allegations verbally or in person and refuses or is not inclined to place such allegations in writing, the person to whom the allegations are made must write up the elements of the complaint for the complainant. Every effort should be made to have the complainant provide the following information:

# CIVIL RIGHTS COMPLAINT PROCESS

- Name, address, telephone number, or other means of contacting the complainant.
- Specific location and name of the state agency, local agency, or other sub-recipient delivering the service or benefit.
- Nature of the incident or action that led the complainant to feel discrimination was a factor, and an example of the method of administration that is having a disparate effect on the public, potential eligible persons, applicants, or participants.
- Basis on which the complainant believes discrimination exists. The bases for nondiscrimination are race, color, national origin, age, disability, or sex.
- Names, telephone numbers, titles, and business or personal addresses of persons who may have knowledge of the alleged discriminatory action.
- The date(s) during which the alleged discriminatory actions occurred, or if continuing, the duration of such actions.

Civil rights complaints may be submitted on behalf of a participant or the participant may address complaints directly to the United States Department of Agriculture (USDA) using the [USDA Program Discrimination Complaint Form](#) (AD-3027).

If a contractor or their subcontractor submits a civil rights complaint on behalf of a participant, then WSDA Food Assistance must be notified within five calendar days of receiving a complaint. If available, attach the completed [USDA Program Discrimination Complaint Form](#) (AD-3027).

Make sure that all civil rights complaints are properly documented and reported. All civil rights complaints will be investigated by the Food Assistance program manager (or delegate) and notification will be given to USDA FNS Western Region upon receipt. WSDA Food Assistance will maintain a record of and track all federal civil rights complaints including complaint status (pending, follow-up, completed, or referred to FNS).

## STATE CIVIL RIGHTS COMPLAINTS:

In accordance with state law, everyone has the right to be free from discrimination at work, in housing, in a public accommodation, or when seeking credit and insurance. A discrimination charge in employment, public accommodation, credit and insurance must be filed with the Washington State Human Rights Commission (WSHRC) within six months from the date of the alleged violation in order to protect your rights. A discrimination charge in housing must be filed with the WSHRC within one year from the date of the alleged violation. Washington State protected classes are race/color, national origin, creed, sex/pregnancy, sexual orientation/gender identity, veteran/military status, the presence of any sensory, mental, or physical actual disability or perceived disability, use of a service animal, HIV or Hepatitis C, marital status (except in public accommodation), breastfeeding (in public accommodation), age (40+, employment only), families with children (housing only), state employee whistleblower.

**Filing a State Discrimination Complaint** – Advise people who allege discrimination based on one or more of the state-protected classes of people listed above that they may file a discrimination complaint with the Washington State Human Rights Commission (WSHRC). A description of the processes and a link to the forms are online and can be found at: [www.hum.wa.gov/discrimination-complaint](http://www.hum.wa.gov/discrimination-complaint).

# CLIENT ELIGIBILITY AND DATA COLLECTION

## Client Eligibility and Data Collection

This applies to contractors and subcontractors receiving TEFAP

### CLIENT ELIGIBILITY AND REQUIRED INFORMATION FOR FOOD PANTRIES:

The Washington State Department of Agriculture (WSDA) establishes the eligibility criteria for client and household data collection requirements. Eligibility information must be gathered for household distribution using the [TEFAP Client Intake Form](#) (AGR-2271) or the [TEFAP Individual Client Intake Form - Annual](#) (AGR-2342), or an alternate client intake form and/or method approved by WSDA.

- The client is eligible based on meeting the following eligibility criteria and the client must provide the following information:
  - Date
  - Client's name
  - Client's signature (optional, USDA preferred)
  - Client's address, unless homeless
  - Client's zip code
  - Family size - the number of persons residing at the client's household
  - Indicate if it is the first visit of the month or a repeat visit, if applicable, based on the type of client intake form being used.
- The client must self-declare:
  - Their name and address listed is correct; if homeless, they can put homeless as the address.
  - Their household size is as stated and they reside within this state and the organization's service area.
  - Their income is within the current 185 percent of the Federal Poverty Guidelines.
  - They agree that TEFAP food is for home consumption only and will not be sold, traded, or bartered.
  - They will not receive TEFAP commodities from another organization.
  - That they have been shown and have read the full [USDA Nondiscrimination Statement](#).
- All clients must be informed of the following:
  - They will not be denied TEFAP food if they refuse to disclose any information that is not a requirement of TEFAP.\*
  - They will never need to provide their social security number.\*
  - They will never need to provide proof of income.\*

**\*Note:** This information is on the [TEFAP Client Intake Form](#) (AGR-2271), [TEFAP Individual Client Intake Form - Annual](#) (AGR-2342), [TEFAP Client Notification Handout](#) (AGR PUB 609-768) or the [TEFAP Minimum Requirements Sign](#) (AGR PUB 609-721).

# CLIENT ELIGIBILITY AND DATA COLLECTION

## INCOME GUIDELINES:

Income guidelines are based on 185 percent of the USDA federal Income Eligibility Guidelines and are provided to contractors annually. Contractor must ensure that subcontractors are using current income guidelines and that clients are viewing them at the point of client intake

- The [TEFAP Income Guidelines](#) (AGR PUB 609-445) can be found on the Food Assistance Webpage. Also available in Spanish.

## CATEGORICAL ELIGIBILITY:

Children receiving free or reduced-price meals through the National School Lunch Program are considered automatically income eligible for participating in weekend backpack programs supported with TEFAP/TMP foods. A parent must give approval for their child to participate, at least annually.

## FOOD PANTRY DATA COLLECTION FOR HOUSEHOLD DISTRIBUTION:

Client intake processes have evolved over the years. Unfortunately, some of those processes do not meet the federal requirements. As a way to ensure compliance, WSDA is moving towards standardized client intake forms. WSDA understands that there is a need for alternate forms, which will be allowed as long as forms receive WSDA approval.

- The [TEFAP Client Intake Form](#) (AGR-2271), sometimes called a client log, is used to collect data from multiple clients on one form each time the client receives TEFAP food.
- The [TEFAP Individual Client Intake Form - Annual](#) (AGR-2342), a new form, is used to collect data from one client and is updated on an annual basis. If using this form the subcontractor must also have a way of “counting” each time the client receives food, often called the client card method.
  - Client Card is a method that can be either paper or electronically based and is used by subcontractors to identify and track program use each time a client picks up food after the client has filled out the initial TEFAP Individual Client Intake Form - Annual. If using this method, then the following requirements apply:
    - The client is assumed to be eligible for future distributions, up to 12 months.
    - The client must be informed that they are required to report any changes in their eligibility information immediately.
- Alternate client intake forms, including electronic, must receive WSDA approval. Subcontractors contact your contractor if you are using an alternate client form and the contractor will work with WSDA to ensure compliance.
- Depending on what type of client intake form the subcontractor uses, the following information may need to be shown to clients.
  - [TEFAP Client Notification Handout](#) (AGR PUB 609-768)
  - [TEFAP Minimum Requirements Sign](#) (AGR PUB 609-721)
- Here are a few other tips to help you successfully navigate the client eligibility and intake process:
  - Current [Income Guidelines](#) and the full [USDA Nondiscrimination Statement](#) must be located at the point of client intake, if not on the client intake form.

# CLIENT ELIGIBILITY AND DATA COLLECTION

- If homeless, clients are unable to provide an address or a physical location in place of an address, then the address of the subcontractor may be used.
- The contractor or subcontractor (with contractor approval) may request but not require further client information, for use with other programs. Clients must be notified that they shall not be denied TEFAP food if they refuse to disclose any information that is not a requirement of TEFAP (e.g. household income documentation, birth certificates, school records, etc.) This can be achieved using either the TEFAP Client Notification Handout or TEFAP Minimum Requirement Sign.

## CLIENT INFORMATION INTAKE SYSTEMS:

Client eligibility information can be acquired using one of these systems:

- **Paper intake system** where data is collected and kept on file at the subcontractor's location and updated on at least an annual basis.
- **Combined paper and electronic system** where the data is collected on paper and then entered into an electronic system.
- **Electronic intake system** where client eligibility data is collected solely electronically (i.e. Link2Feed, PantrySOFT). Electronic intake systems must provide the same degree of confidence regarding the accuracy of eligibility determination results from the electronic system as from the traditional, paper-based system.

*Additional Guidance can be found in [FNS Policy Memorandum Number FD-036](#).*

## FOOD PANTRY REPORTING REQUIREMENTS:

- Each subcontractor must collect and maintain on record the required client data for each household receiving TEFAP commodities for home consumption.
- Contractors are responsible for ensuring their subcontractors' intake system collects the necessary data and any alternate client intake forms or methods receive approval from WSDA.
- Subcontractors report client data to their contractor on a monthly basis using the [Subcontractor Inventory Report](#) (AGR-2272).
- Contractors report client data to WSDA FA on a monthly basis using the Contractor Inventory Report (AGR-2321).

## FOOD PANTRY GUIDELINES FOR PROVIDING SERVICE TO STAFF/VOLUNTEERS THAT ARE ALSO ELIGIBLE CLIENTS:

- If a staff person's income falls within the income eligibility guidelines, they may receive commodities at the same time as other clients.
- The staff person would go through the same process to receive commodities, as would a client. They would fill out the TEFAP Client Intake Form and/or approved client intake form; they would receive the same type of commodities, same amount of commodities and at the same time.

# CLIENT ELIGIBILITY AND DATA COLLECTION

- The quantity and type of commodities will be the same for eligible staff as it is for clients. At no time may staff receive more or “better” types of commodities than what the clients are receiving.
- See [Additional TEFAP Guidelines and Best Practices](#).

## **CLIENT ELIGIBILITY AND REQUIRED INFORMATION FOR MEAL PROGRAMS:**

There is no federal standard or requirement for determining the eligibility of people to receive prepared meals. They are presumed to be needy because they seek meals at an approved TEFAP site.

- No means testing of clients is allowed.
- Sites do not have to maintain records of the names of people to whom they serve meals.
- Meal recipients do not have to sign for their meals.

## **MEAL PROGRAM REPORTING REQUIREMENTS:**

- Subcontractors report the total number of meals served in the reporting month to their contractor on a monthly basis using the [Subcontractor Inventory Report](#) (AGR-2272).
- Contractors report the total number of meals served in the reporting month to WSDA FA on a monthly basis using the Contractor Inventory Report (AGR-2321)

## **MEAL PROGRAM GUIDELINES FOR PROVIDING SERVICE TO STAFF/VOLUNTEERS THAT ARE ALSO ELIGIBLE CLIENTS:**

- Eligible staff may partake in meals prepared for clients. TEFAP food may not be used to prepare meals for staff that are separate from client meals.
- See [Additional TEFAP Guidelines and Best Practices](#).

# TEFAP GUIDELINES AND BEST PRACTICES

## Additional TEFAP Guidelines and Best Practices

Many contractors and subcontractors institute an internal policy prohibiting staff or volunteers from receiving TEFAP commodities or meals because of the potential for abuse and the negative perception or effects it may have on an agency's ability to maintain transparency and a positive relationship with the community it serves.

- Specifically, it is prohibited to use commodities (no matter how small) for staff luncheons, potlucks, or functions.

It is allowable under [USDA Policy FD-017](#) to provide non-TEFAP meals (on-site) to volunteers rather than closing the site during a scheduled lunch period. Costs must be reasonable, adequately documented, and include each volunteer's signature for the meal. Organizations may have additional internal rules that regulate this activity – be sure to check in advance.

TEFAP commodities may be used in backpack programs for Children in accordance with [USDA Policy FD-041](#) which includes:

- The child's household must complete the eligibility determination process on at least an annual basis.
- Record keeping requirements being met by the contractor and their subcontractors.
- WSDA allows a backpack program to have the program staff maintain a list of households receiving backpacks at each distribution rather than having the household sign for each backpack.

If a contractor or subcontractor uses contract-related food in a way that is not in accordance with TEFAP contracts, regulations, or procedures, then they shall be held accountable. At a minimum, they shall be held financially responsible for the reimbursement of the dollar value (as determined by USDA or the state) of the commodities involved. Under certain circumstances WSDA may allow for in-kind replacement in lieu of cash reimbursement in accordance with federal regulations.

The contractor will assure, to the best of its ability, that distribution rates based on household size are standardized for all their food pantry subcontractors. A standardized distribution rate is understood to mean an equivalent, but not necessarily identical, allotment of TEFAP food.

WSDA allows for contractors to determine distribution frequency rates for their service area as long as they meet the minimum monthly distribution requirement.

TEFAP recipients must not be pressured or influenced to support any religious, social, or political point of view in association with the receipt of USDA commodities for home consumption or prepared meals. See [Civil Rights Policy](#) for more info on referral to non-religious organizations and [Civil Rights Training](#).

Unrelated activities may be conducted at distribution sites as long as:

- The activity is separated by time or location i.e. in a room not being used for distribution or at a time when the location isn't being used for distribution.

# TEFAP GUIDELINES AND BEST PRACTICES

- The person conducting the activity makes it clear that the activity is not part of TEFAP and is not endorsed by the USDA;
- Information not related to TEFAP is not placed in or printed on TEFAP distribution containers;
- The person conducting the activity makes it clear that cooperation is not a condition of receipt of TEFAP commodities, i.e., attending religious services, contributing money, signing petitions, or conversing with the people;
- The activity does not disrupt distribution of TEFAP commodities.

The contractor and distribution site personnel are responsible for ensuring that activities unrelated to the distribution of commodities are conducted in a manner consistent with the above conditions. Agencies found in violation of the policies regarding unrelated activity are subject to termination from TEFAP.

## SECTION 4: FISCAL MANAGEMENT

### Section 4: Fiscal Management

# TEFAP PROCEDURES MANUAL SECTION 4: FISCAL MANAGEMENT

# ALLOWABLE ACTIVITIES AND EXPENSES

## Allowable Activities and Expenses

### **BILL ONLY ALLOWABLE ACTIVITIES AND EXPENSES:**

- Contractors and subcontractors are allowed to use federal funds for administrative and operational expenses, including direct service expenses, agency indirect expenses, and equipment purchases.
- Maintenance and repair costs up to \$500.
- Capital expenditures for improvements with prior WSDA approval up to \$500.
- Pass-through funding issued to subcontractors related to food assistance activities.
- Trade Mitigation Program funding is limited solely to Trade Mitigation Program expenses. However, any unpaid allowable TMP expenses may be charged to TEFAP as an allowable expenditure.

### **SHALL NOT BE REIMBURSED FOR UNALLOWABLE EXPENSES:**

Funds awarded under the contract shall not be used for:

- Activities not related to the food assistance efforts.
- SNAP recruitment or promotion activities; [USDA Policy FD-143](#).
- Capital expenditures for improvements or repairs over \$500.

*Under **no** circumstances may you use TEFAP/TMP funding for the purchase of food.*

### **TYPES OF EXPENSE CATEGORIES:**

All expenses will be categorized on the TEFAP or TMP Invoice Voucher as Indirect, Administration, Contractor Operations, Pass Through or Equipment Purchases (as applicable). See [Expenditure Report](#) section of this manual.

### **TEFAP/TMP IS A REIMBURSABLE PROGRAM:**

- Expenses will not be paid for in advance to the contractor.
- Contractors must not pay subcontractors or their expenses in advance.

### **FUNDS MUST NOT BE CARRIED OVER:**

Funds must not be carried over from one federal fiscal year to the next.

- All funds must be expended for the applicable federal fiscal year.
- Any unspent allocations (not obligated) at the end of the federal fiscal year will be reduced from the contractors budget by an amendment.
- Exceptions apply to TMP per WSDA instruction.

### **TEFAP ADMINISTRATIVE COSTS:**

Additional TEFAP administrative cost guidance can be found in [USDA Policy FD-716.3 Rev. 1](#).

# ALLOWABLE ADMINISTRATIVE EXPENSES

## Allowable Administrative Activities and Expenses

### **BILL ONLY ALLOWABLE ADMINISTRATIVE ACTIVITIES AND EXPENSES:**

It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of awards.

- TEFAP/TMP funds may be used for administrative activities. Administrative activities are of a general nature not clearly identifiable with a particular program.
- Administrative activities may include:
  - Planning
  - Budgeting
  - Accounting
  - Human resources
  - The establishment and implementation of the contractor's goals, policies, and objectives.
- TEFAP/TMP funds may be used for administrative expenses, including agency indirect expenses not attributable to any one specific program.
- Allowable administrative expenses may include:
  - Salaries, wages and fringe benefits for administrative staff
  - Office supplies and lease, rental and repairs of equipment
  - Travel expenses for administrative staff
  - Rental or lease of space
  - Telephone, postage, mailing, printing, and copying
  - Insurance and audit costs
  - Minor building repairs or capital expenditures up to \$500 per cost (**Note:** Major capital expenditures and repairs are not allowed)

### **AN AGENCY MAY CHARGE ITS INDIRECT COSTS IN THE APPROPRIATE PROPORTION TO TEFAP OPERATIONAL EXPENSES:**

The indirect charges may not exceed the de minimis rate of 10 percent unless the agency has a federally approved indirect cost rate.

# ALLOWABLE OPERATIONAL EXPENSES

## Allowable Operational Activities and Expenses

### **BILL ONLY ALLOWABLE OPERATIONAL ACTIVITIES AND EXPENSES:**

Direct costs are those costs that can be identified specifically with TEFAP or TMP and their purpose, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct costs.

- Unless otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under TEFAP/TMP awards: Allowable costs must:
  - Be necessary and reasonable for the performance of the federal award and be applicable to this program or its purpose.
  - Conform to any limitations or exclusions associated with these program or any applicable state and federal regulations, policies, and laws. Restrictions apply to TMP.
  - Be consistent with policies and procedures and other activities of the state pass-through agency.
  - A cost must be consistently applied and may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose has been allocated to the federal award as an indirect cost.
  - Be determined in accordance with generally accepted accounting principles (GAAP).
  - Be adequately documented per program and policy requirements.
  - Be reasonable and allocable to this program or its purpose.
  - Have prior written approval if applicable, for example, equipment purchase of \$5,000 or more per unit, capital expenditures, etc.
  - For additional guidance you may find the [2 CFR Part 200](#) Code of Federal Regulations helpful

### **OPERATIONAL ACTIVITIES AND EXPENSES:**

- Operational activities and expenses are those activities clearly identifiable with providing direct services to clients. Operational costs may can include:
  - Personnel costs – salaries, wages and fringe benefits for personnel who are actually performing duties related to warehousing, distribution, client services, including networking and outreach activities.
  - Travel/Transportation – mileage expense related to direct provision of services.
  - Transportation – costs to pick up and deliver food.
  - Space costs – rent or lease payments for facilities and costs of power, heat and water for space occupied by program staff and for storage and warehouse areas.
  - Communication cost (telephone, mailing and printing) for direct program services.
  - Other operational costs, such as supplies, lease and repair of equipment directly related to providing services.
  - Computer purchases costing under \$5,000. TEFAP is following the Uniform Guidance that defines computer purchases costing under \$5,000 as supplies.
- There is no limit on the percentage contractors and subcontractors may spend on operational costs.

# ALLOWABLE EQUIPMENT EXPENSES

## Allowable Equipment Expenses

### **ALLOWABLE EQUIPMENT PURCHASES:**

Equipment is defined as any tangible nonexpendable personal property with a useful life of more than one year. The purchase of equipment to be used in TEFAP is an allowable expenditure.

- Equipment costing \$5,000 or more per unit must be approved prior to purchasing using the [Food Assistance Equipment Purchase Request / Approval Form](#) (AGR-2204). Equipment Procurement Requirements and Guidelines (Publication No 609-454) can be found on the WSDA, Food Assistance webpage at: [agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs).
- Contractors must have written procurement and inventory policies for equipment and procedures for disposing of equipment that at a minimum meet WSDA FA standards.
- See [Property Management](#) section for additional guidance.

# REQUIRED EXPENDITURE REPORTS

## Required Expenditure Reports

### **EXPENDITURE REPORTS ARE DUE TO WSDA MONTHLY:**

WSDA FA provides an updated TEFAP Invoice Voucher (AGR-2233) and a TMP Invoice Voucher (AGR-2323) to contractors annually; these forms can be found on the Food Assistance webpage at: [agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs).

These reports must include compiled costs by budget category, for both themselves and their subcontractors. The contractor shall include with each monthly expenditure report the TEFAP detailed Expanded General Ledger indicating the TEFAP costs charged each month by budget category in which they are charging costs.

- For costs incurred by the contractor, the ledger must show each bill or cost incurred within the report month.
- Reimbursement to subcontractors, if any, will be determined by the contractor.
  - For subcontractors' expenses, the contractor shall include in the general ledger at least the aggregate amounts spent by all subcontractors in the Pass Through budget category.
- WSDA staff may, at its discretion, ask for backup documentation for charged expenditures.

The TEFAP and TMP Invoice Vouchers, along with the detailed Expanded General Ledgers, should be signed and scanned to your regional representative by the 20<sup>th</sup> of each month following the month the costs were incurred or claimed.

### **FAILURE TO SUBMIT EXPENDITURE REPORTS:**

WSDA may recapture unclaimed funds if the contractor does not submit expenditure reports in a timely manner.

- If the contractor fails to file an expenditure and data report within any two consecutive month period, WSDA may elect to suspend or terminate the contract.
- Contractor may recapture unclaimed funds or terminate the subcontract with subcontractor based on the same criteria.

### **TEFAP AND THE EXPENDITURE REPORT AND REQUEST FOR REIMBURSEMENT FORM INFORMATION:**

#### ***Entering Information:***

The excel workbook tabs are linked and protected. You may only enter information into yellow highlighted cells. Once you enter your contractor information on the **October** tab of the form, it will auto populate the rest of the month tabs with this information:

- Contractor Name and Address

# REQUIRED EXPENDITURE REPORTS

- Total Yearly Budget – current fiscal year
- Contract Number (K####)
- Vendor Number (SWV)

## ***Expenditure Detail Section:***

**“Total Yearly Budget”** – this column represents your allocated budget for the current fiscal year. Note that you may only enter the budget amount from the **October** tab of the workbook, once entered it will auto populate the other tabs.

**“Expended this Period”** – this column represents your applicable expenses from the month that you are reporting on.

**“Billing Adjustment”** – this column is used when you make a fiscal error, need to make an adjustment to the fiscal portion of a previously submitted report, or are submitting claims from a previous month.

**“Net Amount Requested”** – this column represents the total “Expended this Period” column combined with the “Billing Adjustment” column. This is your total amount requested for the month.

**“Requested to be Paid”** – this column represents the amount that you expect to be reimbursed in a particular month. This amount cannot exceed the “Net Amount Requested” for that month; however, it can be less.

**NOTE: If the “Request to be Paid” amount is less than the “Net Amount Requested” the result will be an “Excess Claim.” If additional program funds are made available at the end of the year, a portion of your “Excess Claims” may be paid at that time. Excess claims show in the Expenditure Summary Section of the invoice.**

**“Year to Date Balance”** – this column represents the “Total Yearly Budget” column minus the “Requested to be Paid” column. This reflects the amount of money left in your allocation after your request for payment is processed.

## ***TEFAP Expenditure Summary Section:***

This section shows a monthly breakdown of your expenditures by category as reported each month with an “Expended to Date” total in the last column.

**“Claimed”** – equals your “Net Amount Requested” amount

**“Paid”** – equals your “Requested to be Paid” amount

**“Excess”** – equals your “Net Amount Requested” minus your “Requested to be Paid” amount.

## **EXCESS CLAIMS:**

At the end of the federal fiscal year, after all contractor invoices are accounted for, WSDA will finalize the actual amount of funding to be reallocated to contractors with excess claims. Not all excess claims will necessarily be paid due to the limited availability of funding. See the [TEFAP Allocation Process](#) section for additional information on reallocating funds.

# REQUIRED EXPENDITURE REPORTS

Contractors may never request to be paid more than their allocated budget, shown on the face sheet of the contract. Although there is no guarantee of additional funding, contractors may submit excess claims on behalf of themselves and their subcontractors, on their expenditure reports in the following ways:

- Contractors may claim excess funds each month on their expenditure report, as costs are incurred.
  - When your “Expended this Period” column is more than your “Requested to be Paid” column, in any given month, the result is an excess claim.
- Contractors may claim “bulk” excess funds, in the month of September, for costs incurred throughout the fiscal year.
  - This is done by entering current expenses for September in your “Expended this Period” column and expenses claimed for any previous period should be entered in the “Billing Adjustment” column. If your “Net Amount Requested” column is more than your “Requested to be Paid” column, the result is an excess claim.

## **ADDITIONAL REQUIREMENTS FOR EXCESS FUNDING REQUESTS MAY BE IMPOSED:**

There may be additional supporting document requirements for contractors that have excess claims for charges that were incurred between October 1 and June 30 of the current reporting year. We are in discussions with OFM and WSDA Fiscal office to clarify the excess claim process and supporting document requirements. Currently, the proposed language includes:

- Upon receiving an amendment from WSDA that includes the final excess claim allocation, then;
- The contractor must determine which of their excess claims they will apply that funding to.
- The contractor must submit this breakdown to WSDA with their signed amendment.

No additional documentation will be required if the contractor only applies the actual excess funds received (by amendment) in the months of July, August, and September of the current reporting year.

# SECTION 5: COMMODITY MANAGEMENT

## Section 5: Commodity Management

# TEFAP PROCEDURES MANUAL SECTION 5: COMMODITY MANAGEMENT

# FOOD ACQUISITION PROCESS

## Food Acquisition Process

### COMMODITY ORDERING AND ALLOCATIONS:

WSDA orders commodities for distribution to contractors with the input of representatives from contractors, food pantries, and meal programs throughout the state. You can find a statewide snapshot of the **projected** USDA food by Truckload coming into the system on the Food Assistance webpage. If you or someone in your agency wishes to be part of the Food Assistance (FA) Food Ordering Workgroup please contact your FA regional representative or email your request to [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov).

There are three types of USDA commodities flowing through the TEFAP distribution channel:

- USDA TEFAP Entitlement commodities are ordered quarterly (approximately 4 months in advance),
- USDA TEFAP Bonus commodities are ordered on an “as offered” basis and are in addition to our entitlement funding.
- USDA Trade Mitigation Program (TMP) commodities are ordered on an “as offered” basis are in addition to our entitlement funding.

Commodities are allocated to contractors using the county percentage formula, as explained in the [TEFAP Allocation Process](#) section of this manual. Contractors will receive detailed shipment information from FA in several ways:

### USDA Direct Shipments Workbook

FA prepares a quarterly USDA **Direct** Shipments Workbook (shipments coming directly **from USDA vendors**) for each contractor (as applicable, not every contractor receives direct shipments). The Workbook has a tab called “Both” which includes both TEFAP and TMP foods, a tab called “TEFAP” which just shows TEFAP foods, and then a tab called “TMP” which lists just the TMP foods. These are updated frequently and sent to the contractor. The Workbook includes the following information:

- Material, the USDA identifying number for a specific commodity - this may also vary by program type (TEFAP or TMP)
- Material/Commodity Description, the name of the food
- Sales Order #, USDA identifying number associated with a sales order in the USDA tracking system (typically a 10 digit number that starts with 5000 such as 5000446844)
- Sales Order Item #, the item number identified on the Sales Order to indicate split-shipments (100, 200, 300 etc.)
- Status Text, describes where in the USDA process the food is (ordered, purchased, cancelled, received etc.)
- Requested Delivery Date, the delivery date that the food is anticipated to come into the state (delivery timeframes vary from first half of the month or second half of the month)
- Date Received, the date the food is actually received and entered into the USDA tracking system
- Requested Quantity, the initial order amount (subject to change)

# FOOD ACQUISITION PROCESS

- Sales Unit, unit of measure (cases)
- Cost/LB, cost per pound
- Net Dollar Value, the total USDA \$ Value of product received, based on net weight
- Net Weight, the net weight of the total amount of food received (doesn't include packaging)
- Gross Weight, the gross weight of the total amount of food received (includes packaging)
- Entitlement / Bonus Indicator, indicates the TEFAP product type
- Ship-To-Party, USDA identifying number associated with the contractor or receiving agency
- Allocation #/ Corr., USDA identifying number for creating split-shipment deliveries
- Purchase Requisition #, USDA identifying number for procurement documents
- Purchasing Requisition(PR) Item#, USDA identifying number for procurement line items
- Purchase Requisition (PR) Quantity (Qty), total quantity on the purchase requisition
- PR Base UoM, the base unit of measure for the items on the purchase requisition
- Purchase Order #, USDA identifying number for the purchase order

## USDA Indirect Shipments Workbook

FA prepares a quarterly USDA **Indirect** Shipments Workbook (shipments coming directly from Northwest Harvest (NWH) or Food Lifeline (FLL) and 2nd Harvest as bonus redistribution centers). These are updated frequently and sent to the contractor. Please keep in mind that these are "projected allocations" and subject to changes, The Workbook includes the following information:

- Program Name, TEFAP or TMP
- Material, the USDA identifying number for a specific commodity - this may also vary by program type (TEFAP or TMP)
- Material/Commodity Description, the name of the food
- Contractor, this is your agency's name or location
- NWH, FLL, 2<sup>nd</sup> Harvest (redistribution centers) Received Date, the anticipated date redistributors receive the food from USDA; deliveries to contractors typically take place the following month with the exception of cold and fresh items coming from FLL and 2nd Harvest which should be delivered in the same month
- Month item should be delivered, the anticipated month that you will receive the food
- Total Cases, the total number of cases to be received
- FP, the number of cases that are allotted for Food Pantries (FP's)
  - 75 percent of food is initially allotted to FP's. Contractors may shift unused or unallocated portion of foods targeted towards Meal Programs (MP's) to FP's
- MP, the number of cases that are allotted for Meal Programs (MP's)
  - 25 percent of food is initially allotted to MP's. If MP's cannot use all of the food or you have very few meal programs in your area then you may shift those foods to FP's
- Gross, the gross weight of the total amount of food received (includes packaging)
- Net, the net weight of the total amount of food received (doesn't include packaging)

# FOOD ACQUISITION PROCESS

- Net Value, the total USDA \$ Value of product received, based on net weight
- E/B Type, indicates the TEFAP Product type of either Entitlement (E) or Bonus (B)
- Redistributor, indicates from whom you will be receiving the food from (NWH, FLL, 2<sup>nd</sup> Harvest)

## **FA Bill of Lading**

FA prepares a monthly **Bill of Lading (BOL)** for each contractor based on the Indirect Shipments Workbook and updates. The BOL is sent to you typically in the last week of the month prior to the delivery month to your agency. The BOL includes contact information, a signature section, and the following information:

- Order Month, the month you will be receiving the food - the agency delivering the food to you will contact you regarding a specific delivery date
- Program, the program type TEFAP or TMP; separate BOL's are created for each program
- Material, the USDA identifying number for a specific commodity
- Material Description, the name of the food
- Total Cases, the total number of cases to be received
- FP, the number of cases that are allotted for food pantries
- MP, the number of cases that are allotted for meal programs
- Gross, the gross weight of the total amount of food received (includes packaging)
- Net, the net weight of the total amount of food received (doesn't include packaging)
- Net Value, the total USDA \$ Value of product received, based on net weight

# USDA BONUS COMMODITIES

## Bonus Redistribution Centers

USDA bonus commodities can be fresh, frozen or dry. WSDA uses two bonus redistribution centers to distribute fresh and frozen commodities when they cannot be direct shipped to contractors. Our bonus redistribution centers are Food Lifeline (FLL) in Seattle (Western WA) and Second Harvest (2<sup>nd</sup> Harvest) in Spokane (Eastern WA).

These bonus redistribution centers are responsible for receiving direct shipments of USDA “bonus” commodities (primarily frozen/refrigerated/fresh product) and redistributing these commodities to other contractors (at no charge to the contractors).

**When a bonus commodity is offered in quantities large enough for a statewide distribution (generally 3 or more trucks, unless it is frozen/refrigerated product) it will be distributed through normal channels.**

### **DISTRIBUTION PROCEDURES WILL BE AS FOLLOWS:**

WSDA will notify the bonus redistribution center of incoming bonus commodity shipments along with an allocation spreadsheet showing which contractors will be offered commodities and in what quantities.

The bonus redistribution center will retain a pre-determined portion of each shipment as designated on the allocation spreadsheet.

Once the bonus redistribution center receives the shipment, they will notify the contractors on the distribution list either by phone or by email. The contractor will have three working days to respond (accept or reject) and set up a delivery/pick up date that is within a two week time frame.

Each contractor will be responsible for either picking up or making arrangements for shipment of these commodities.

If the contractor rejects the shipment, fails to respond within three working days, or fails to pick up product at the set pick up time, the product will be retained by the redistribution center or distributed to their local TEFAP network.

The bonus redistribution center will report to WSDA on an annual basis, the following information:

- Which contractors were offered commodities?
- Which contractors accepted, rejected or failed to respond to notification of availability?
- The amounts of commodities each contractor received.

Any amounts the bonus redistribution center retained over and above their pre-determined portion due to a contractor rejecting, failing to respond or failing to pick up product.

The following are contact person(s), phone numbers for current Bonus Redistribution Centers:

#### **Food Lifeline:**

Agency Relations

[AgencyRelations@foodlifeline.org](mailto:AgencyRelations@foodlifeline.org)

Phone: (206) 492-5530

#### **Second Harvest Food Bank of the Inland NW:**

Chelsey King

[Chelsey.king@2-harvest.org](mailto:Chelsey.king@2-harvest.org)

Phone: (509) 252-6282

# COMMODITY SHIPPING AND RECEIVING

## Commodity Shipping and Receiving

### **INTRODUCTION:**

USDA TEFAP and TMP commodities are shipped by USDA vendors directly to the contractor's warehouse or the State warehouse (currently, Northwest Harvest). USDA vendors and/or their commercial trucking companies are responsible for setting the delivery dates with the contractor within the timeframes set by USDA. There is no cost to the contractor for shipments coming directly from USDA vendors or the state-level warehouse. WSDA is responsible for ordering the USDA food in accordance with the timeframes set by USDA. Contractors that receive direct or split-shipments from USDA vendors are responsible for receipting TEFAP and TMP commodities into USDA's Web-Based Supply Chain Management (WBSCM) system. Additional information can be found in [FD-709-5 Revision 3](#).

### **SHIPMENTS ORIGINATING DIRECTLY FROM USDA VENDORS**

Not all contractors receive shipments directly from USDA vendors. Contractors who receive food in large enough quantities may receive their shipment in truckload quantities or they may receive a partial truckload that is split with other contractors, typically referred to as a split shipment. While we try to accommodate contractor changes to direct shipments, it is not always possible. Contractors must contact WSDA regarding any changes to direct shipments originating from USDA vendors at least 45 days prior to the planned shipment delivery window (1<sup>st</sup> half and 2<sup>nd</sup> half of the given delivery month).

### **RESPONSIBILITY OF USDA VENDORS AND/OR THE TRUCKING COMPANY:**

For direct shipments (full truckloads and split shipments) from USDA vendors, the vendor or the trucking company should schedule shipments with the contractor at least 72 hours prior to the expected delivery to arrange for receipt of shipments during normal business hours. All parties are highly encouraged to address any non-federal shipment or delivery requirements in advance of the delivery (i.e. additional paperwork required by the contractor).

- Create the Advance shipping Notification (ASN) in the Web-Based Supply Chain Management (WBSCM) system. ASN's are sent via email to WSDA and contractors doing direct receipting.
- With contractor consent, allow for pallet exchanges of equal quality and quantity, ideally arrangements should be made prior to delivery.
- Arrange for inspections, at each delivery destination, for most fresh fruit or vegetable shipments and pay any costs associated with the inspections. See Destination of Inspection of Fresh Fruits and Vegetables section (below) for more information.
- Prompt removal of a rejected shipment (out-of-condition food) that has been authorized by USDA.
- Provide the vendor with the signed delivery receipt (Bill of Lading), including the date of receipt. This includes any adjustments made by the contractor for quantity discrepancies or damaged product.
- Provide a copy of the Bill of Lading to the contractor for the load.
- Provide TEFAP/TMP foods on pallets or equivalent (i.e. slip sheets) that are in acceptable condition.

# COMMODITY SHIPPING AND RECEIVING

- Re-seal for subsequent deliveries.
- Replace USDA foods that are rejected/out-of- condition, as necessary, in accordance with USDA instruction.

## RESPONSIBILITY OF CONTRACTOR:

- Have personnel available to receive “Notice of Delivery”.
- Have personnel available to off-load trucks and have adequate personnel and equipment to safely and correctly unload.
- Have personnel available for any required inspections of fresh fruit or vegetable shipments. The USDA vendor is responsible for arranging and paying for inspections. See Destination of Inspection of Fresh Fruits and Vegetables section (below) for more information.
- Accept shipments on the delivery date.
  - Contractor may be responsible for charges incurred by the trucking company if the contractor is unable to accept the delivery on the agreed upon delivery date (i.e. costs for storage/alternate delivery location).
- Try to unload the truck even if:
  - It arrives late for an unloading appointment;
  - It arrives without an unloading appointment;
  - The unloading appointment was scheduled less than 72 hours in advance. Please notify WSDA if the 72 hour advance notice requirement is not being met.
- Ensure that the high security seal on the door or other point of entry of the truck is intact and must record the seal number. If the seal is missing, broken or the seal number does not match what is recorded on the Bill of Lading then the contractor should contact WSDA for further instruction.
  - However, if WSDA cannot be reached then the contractor must refuse the shipment and notify WSDA.
- Remove the high security seal, which must be done with bolt cutters or a similar tool.
- Check the temperature of frozen or refrigerated foods, including checking the thermometer on the truck to ensure the freezer/refrigeration unit is at acceptable levels and in working order.
  - **Frozen:** 0 degrees Fahrenheit or lower
  - **Fresh:** 33 – 40 degrees Fahrenheit
- Meet allowable off-loading times:
  - Free time. The contractor must complete the unloading of the shipment, and the removal of dunnage and other debris, within the period of free time. For palletized loads, free time is up to two hours. For non-palletized loads, free time is up to six hours. Failure to complete the unloading within the free time may incur a demurrage or detention charge, which the consignee may be obligated to pay.
- Conduct a physical count and inspect commodities for shortages, damage or spoilage **before signing for delivery of shipment** to avoid possible liability. Make sure to retain a copy of the Bill of Lading

# COMMODITY SHIPPING AND RECEIVING

and any related documentation. Report any significant problems to WSDA before the driver leaves the delivery area. Please note:

- All overages, shortages, or damages must be accounted for in the receipting of the shipment into USDA's Web-Based Supply Chain Management (WBSCM) system.
- If any loss or adjustments are identified after the driver leaves then fill out a [Commodity Loss/Adjustment Report for Contractors](#) (AGR-2256).
- Rejection of the total shipment:
  - Unacceptable USDA foods. When the initial examination of a shipment shows that all or most of it is out of condition. Examples would be:
    - Frozen beef patties arriving at the warehouse with an internal temperature above 0°F
    - Excessively damaged (e.g., 1/2 or more of the load is obviously damaged)
  - The contractor must contact WSDA explaining why the shipment should not be accepted. WSDA will provide this information to USDA for a final decision.
  - Inspection. If the USDA agrees with the initial report, they will direct the warehouse to obtain an inspection by a qualified inspector. If the findings of the inspection confirm the initial examination, the shipment will be held and reported to WSDA.
- Contractors who receive TEFAP/TMP shipments directly (including split shipments) from a USDA vendor will be responsible for receipting these shipments into USDA's Web-Based Supply Chain Management (WBSCM) system within **48 hours**. Training is provided by our office and additional training tools will be available soon.

## DESTINATION INSPECTION OF FRESH FRUITS AND VEGETABLES:

If the contractor receives a **USDA direct shipment of fresh fruits or vegetables**, it is important to keep the following in mind:

- USDA inspects shipments of fresh produce prior to unloading. Some types of produce may be exempted (i.e. fresh apples and grapes).
- Inspections will be performed by the federal or federal-state Inspection Service in accordance with the destination tolerances in the U.S. Grade Standards. **The vendor will be responsible for arranging and paying for the inspection.** Agricultural Marketing Service (AMS) will work with the vendors if there are problems arranging for inspections at the destination. For example, if it is very expensive to fly an inspector to a destination, under certain conditions, arrangements can be made by the shipper to have the load inspected en route.
- Split shipments are to be inspected at each stop unless arrangements can be made with AMS to allow inspection of the entire load at the first stop. When this occurs, the vendor is still responsible for arranging for the inspection and associated costs, including unloading and reloading the truck for shipment to the final destination.

# COMMODITY SHIPPING AND RECEIVING

## **SHIPMENTS ORIGINATING FROM WSDA STATE CONTRACTOR:**

The contractor will be notified of the date of shipment by our state warehousing contractor (Currently Northwest Harvest) via email or phone call. Each quarter WSDA will send contractors a USDA Indirect Shipments Workbook which provides the program type (TEFAP or TMP), material number, description, delivery month, projected number of cases, gross and net weight and value. At the end of each month WSDA will send contractors their TEFAP and TMP Bill of Ladings (BOL's) for the following month.

If you have questions specifically about your delivery dates from Northwest Harvest please contact:

### **Northwest Harvest:**

#### **Kim Southern**

22220 68<sup>th</sup> Avenue South

Kent, WA 98032

Phone: (206) 923-7457

[kims@northwestharvest.org](mailto:kims@northwestharvest.org)

## **SHIPMENTS ORIGINATING FROM BONUS REDISTRIBUTION CENTERS:**

See [USDA Bonus Redistribution](#) section of this manual.

# INVENTORY CONTROL SYSTEM

## Inventory Control System

The most important reason to implement an inventory control system is to protect your agency. It is essential that you know how much food is in your storage areas. Your agency could be held liable for unaccounted losses of product. Inventories should not exceed what can be used in a three-month period.

- Use the FIFO (first in, first out) inventory method for circulating your stock. Date the products as they are received so you will be sure to rotate stock as it is received and distributed.
- Any product that enters or leaves your warehouse should be counted twice (preferably by two people). Although more time consuming, it could eliminate many inventory errors.
- Utilize an inventory system. It is very important to keep a running total of all products that enter or leave your warehouse.
- Pre-post outgoing allocations. Pre-posting is taking the food off the book inventory before it leaves the warehouse. Recipient agencies should sign a receipt for commodities when picking up and/or returning commodities to your warehouse. The receipts can be compared to your book count to determine where inventory errors occurred.
- Monthly Physical Inventory: Physically count your food each month and compare it to the book inventory. Note any variances between book inventory and physical inventory and the cause of each variance. If applicable, complete a Commodity Loss/Adjustment Report for Contractors or Subcontractors and then send it to WSDA or your contractor, as applicable. In any case, use the physical inventory figures for the beginning inventory figures in the following month.

### **INVENTORY CONTROL:**

- WSDA requires that inventory levels do not exceed what can be utilized without waste in a three-month period; exceptions may be allowed.
- If it is determined that inventory levels exceed the three-month limit, WSDA may reallocate commodities to bring inventory levels under control and to avoid possible product spoilage. WSDA will determine the method(s) for reallocation based on the specific circumstances of the contractor(s) and the food (type and quantity) involved.

# INVENTORY REPORTS

## Inventory Reports

### **CONTRACTOR INVENTORY REPORT:**

The Emergency Food Assistance Program (TEFAP) Contractor Inventory Report (AGR-2321) and the Trade Mitigation Program (TMP) Contractor Inventory Report (AGR-2322) must be completed each month, summarizing all TEFAP or TMP inventory activity at the contractor level for the reporting month. 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 20<sup>th</sup> day of each month by email. The Contractor Inventory Reports are located on the Food Assistance webpage on the [Forms and Pubs](#) page

Once the reports are complete, email it to [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov). **Please add the contractors name into the subject line of the email.**

### **CONTRACTOR INVENTORY REPORT INCLUDES:**

**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.

**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.

**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).

# INVENTORY REPORTS

## **SUBCONTRACTOR INVENTORY REPORT:**

The [Subcontractor Inventory Report](#) (AGR-2272) is submitted to the contractor on a monthly basis. The contractor establishes the report due date for subcontractors. 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 Subcontractor Inventory Report and investigate any loss, shortage, overage, or adjustment indicated on the report. Please note that the subcontractor reports for both TEFAP and TMP products on the [Subcontractor Inventory Report](#). Inventories should not exceed a three-month supply for any TEFAP/TMP food on hand.

## **THE SUBCONTRACTOR INVENTORY REPORT INCLUDES:**

**Report Month/Year** - The report month and year that the activity took place.

**Type of distribution site** - Indicate either Food Pantry or Meal Program.

**Food Pantry or Meal Program Name** - Name of the subcontractor reporting.

**Total Clients and Household Members** - Applies to Food Pantries.

**Total Meal Served** - Applies to Meal Programs.

**TMP** - If the commodity is a Trade Mitigation Program Food then check this box, if not and it is a regular TEFAP product then leave it blank.

**Beginning Inventory** - The previous month's ending physical inventory.

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

**Total Cases** - The combined total of the beginning inventory and cases received.

**Issued to Clients** - Amount of cases issued for distribution to clients or for the use in preparing meals.

**Damage** - Product that has been damaged is entered as a negative number. Include a Commodity Loss/Adjustment Report for Subcontractors for all damaged product that has not been previously reported.

**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 Subcontractors.

***Please call (360) 725-5641 or contact your regional representative if you have questions regarding these forms.***

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

## Commodity Loss/Adjustment Procedures

### INTRODUCTION:

All USDA commodities shall be safeguarded, to the best of the contractor's and subcontractor's abilities, from theft, spoilage, damage, destruction or other loss. WSDA and contractors will investigate any and all loss of USDA donated food. WSDA may pursue claims when the loss is valued at \$500 or less, if the loss was preventable (i.e. spoilage due to improper storage). WSDA will pursue claims, as necessary, including negligence or improper use, for losses valued more than \$500 and/or if theft is involved. All losses of \$100,000 or more will be sent to USDA FNS to be involved in the claim determination, as applicable. For additional USDA guidelines please review 7 CFR part 250 and 251, FNS 410-1 Rev. 2, and related FNS policies.

### GENERAL INSTRUCTIONS:

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 Contractors Inventory Report. The [Commodity Loss/Adjustment Report for Subcontractors](#) (AGR-2279) is the primary tool for subcontractors to report loss or adjustment to their contractor. This report may be submitted at any time an issue is discovered or along with the Subcontractors Inventory Report.

- If theft is involved please see the specific instructions listed below in the [Theft Reporting System](#) section.
- If damage, spoilage, or an overage/shortage occurs at the time of a redistributor shipment (Northwest Harvest, Food Lifeline, or 2<sup>nd</sup> Harvest) or while USDA donated food is in the possession of the contractor:
  - Notify WSDA via email/phone as soon as possible if the loss is due to spoilage and/or poses a food safety risk.
  - Complete the [Commodity Loss/Adjustment Report for Contractors](#) (instructions follow).
  - Make sure to also list this loss or inventory adjustment on the monthly TEFAP or TMP Contractor Inventory Report.
- If damage, spoilage or an overage/shortage occurs while USDA donated food is in the possession of a subcontractor:
  - Notify your contractor via email/phone as soon as possible if the loss is due to spoilage and/or poses a food safety risk.
  - Complete the [Commodity Loss/Adjustment Report for Subcontractors](#) (instructions follow).
  - Make sure to also list this loss or inventory adjustment on the monthly TEFAP Subcontractor Inventory Report.
- If damage, spoilage, or an overage/shortage is discovered **at the time** of a **USDA direct shipment**, make sure to enter it into WBSCM. In this case you do not need to complete the Commodity Loss/Adjustment Report for Contractors.

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

## RESPONSIBILITIES:

- Contractors must review all Subcontractor Inventory Reports to determine if there was loss and if so, must ensure that the Commodity Loss/Adjustment Report for Subcontractors was completed.
- Contractors are required to investigate any and all loss of USDA donated food, including inventory adjustments, regardless of the value. The contractor must complete their section of the Commodity Loss/Adjustment Report for Subcontractors, forward subcontractor documentation to WSDA (if applicable; instructions follow), determine if a claim needs to be pursued against the subcontractor, and retain all records.
- Both contractors and subcontractors must be sure to maintain damaged/spoiled food in stable condition until it can be inspected (e.g., if commodity is cold or frozen product, isolate and keep frozen.) Upon discovery, please physically separate spoiled or damaged food from other food inventories as quickly and as completely as possible. Do **not** dispose of spoiled or damaged product until told to do so by WSDA, or the contractor, in the case of the subcontractor.
- If the value of the commodities involved in the loss is more than \$500 or theft or infestation was involved, contractors are advised to contact WSDA immediately for instructions, which may include:
  - Having the food inspected by a local health inspector and the inspection findings documented. If there is a problem in arranging for a local health inspection, please call WSDA.
  - Make sure to retain a copy of the inspection report for your records.
  - If theft, regardless of the value of the commodities, then follow the instructions in the [Theft Reporting System](#) section below.
  - Claim determination and pursuit of claims.
  - Depending on the circumstances of the loss, WSDA will work with USDA FNS to mitigate impacts and request the ability for contractors and subcontractors to provide in-kind foods or other alternatives, if allowable. See [FNS Instruction 410-1 Rev. 2](#).
- Contractors must send their completed monthly Commodity Loss/Adjustment Report to [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov); subcontractors must send their completed Commodity Loss/Adjustment Report to their contractor, who will determine if it needs to be forwarded to WSDA.
- WSDA and/or the contractor must complete an investigation into all loss and inventory adjustments within 30 days of discovery and make a determination regarding pursuit of claims.

## THEFT REPORTING SYSTEM:

- Contact your contractor (for subcontractors) or WSDA (for contractors) within 24 hours (preferably immediately) of discovery regarding any theft of USDA donated food from your facilities. WSDA is required to notify USDA of any loss related to theft.
- Immediately report theft to local police and obtain a police report. Unreported theft can result in your agency being liable for the cost of the food, as well as other damages.
- Fill out a Commodity Loss/Adjustment Report detailing:
  - Address where theft occurred;
  - Explanation of how theft occurred;

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

- Amount of product involved with specific data
- Email the Commodity Loss/Adjustment Report along with a copy of the police report to your contractor (for subcontractors) or WSDA (for contractors) at [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov).

## INSTRUCTIONS FOR THE COMMODITY LOSS/ADJUSTMENT REPORT FOR CONTRACTORS:

The following section walks you through how to complete each item requested on the Commodity Loss/Adjustment Report for Contractors.

**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.

The next section on the form is used to total the items lost. Please note that there are only four lines on the loss form. If more than four items were lost, you will need to fill out more than one Commodity Loss/Adjustment Report. This report is to be used on a 'per incident' basis.

**Example 1:** Two cases of apple juice were damaged when they fell off a pallet. In this case you would fill out one Commodity Loss/Adjustment Report with one line filled out.

**Example 2:** Your delivery truck was broken into and 2 different items were stolen. You would need to fill out one Commodity Loss/Adjustment Report to list the items lost in that one incident.

**Example 3:** Examples one and two both happen on the same day. You would fill out two separate forms as these are two separate incidents.

**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](#).

**Example:** The commodity description is "MILK 1% FRESH CTR-9/64 FL OZ"

The material number for "MILK 1% FRESH CTR-9/64 FL OZ" is **111008**

**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.

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

**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.

- If loss was due to theft, notify WSDA immediately, then contact the police, obtain a police report, and submit the police report to WSDA along with your completed Commodity Loss/Adjustment Report. In all instances of theft, WSDA will notify USDA, regardless of the value.
- If loss was due to spoilage caused by bug or rodent infestation, notify WSDA immediately, then contact your local health jurisdiction to request an inspection, obtain an inspection report, and submit the health jurisdiction's inspection report to WSDA along with your completed Commodity Loss/Adjustment Report.

## **WSDA Use Only: (Page 2)**

This section is for WSDA staff to document their investigation into the loss of USDA donated food. WSDA is required to investigate any and all loss of donated USDA food, including inventory adjustments, regardless of value, in order to determine if a claim must be pursued against the responsible party. Investigations and 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 a loss/adjustment had occurred, whichever is later.

## **INSTRUCTIONS FOR THE COMMODITY LOSS/ADJUSTMENT REPORT FOR SUBCONTRACTORS:**

The following section provides detailed instructions for TEFAP subcontractors to complete each item requested on the Commodity Loss/Adjustment Report for Subcontractors. It then clarifies what action(s) the contractor must take to investigate loss and when that loss must be communicated to WSDA.

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

**Subcontractor 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.

The next section on the form is used to total the items lost. Please note that there are only four lines on the loss form. If more than four items were lost, you will need to fill out more than one Commodity Loss/Adjustment Report. This report is to be used on a 'per incident' basis.

**Example 1:** Two cases of apple juice were damaged when they fell off a pallet. In this case you would fill out one Commodity Loss/Adjustment Report with one line filled out.

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

**Example 2:** Your delivery truck was broken into and 2 different items were stolen. You would need to fill out one Commodity Loss/Adjustment Report to list the items lost in that one incident.

**Example 3:** Examples one and two both happen on the same day. You would fill out two separate forms as these are two separate incidents.

**Commodity Description:** This is the material description, which you should be able to find on the Bill of Lading you received from your contractor. If you cannot locate this number, contact your contractor.

**Material Number:** The material number is the six digit number that is used by USDA to identify the item being received. You should be able to find this number on the Bill of Lading you received from your contractor. If it wasn't, please contact your contractor and ask for the material number.

**Example:** The commodity description is "**MILK 1% FRESH CTR-9/64 FL OZ**"

The material number for "MILK 1% FRESH CTR-9/64 FL OZ" is **111008**

**Quantity:** The number of cases or units 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 your contractor for guidance.

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

**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.

- If loss was due to theft, notify WSDA immediately, then contact the police, obtain a police report, and submit the police report to your contractor along with your completed Commodity Loss/Adjustment Report. In all instances of theft, your contractor will notify WSDA, and WSDA will notify USDA, regardless of the value.
- If loss was due to spoilage caused by bug or rodent infestation, notify your contractor immediately, then contact your local health jurisdiction to request an inspection, obtain an inspection report, and submit the health jurisdiction's inspection report to your contractor along with your completed Commodity Loss/Adjustment Report.

## **Contractor Use Only: (Page 2)**

This section is for contractor staff/volunteers to document their investigation into the loss of USDA donated food. Contractors are required to investigate any and all loss of donated USDA food, including inventory adjustments, regardless of value, in order to determine if a claim must be pursued against the responsible party. Accidents happen and are understandable. Your responsibility is to look for patterns of loss, indications of negligence, or other purposeful wrong-doing. In most cases, it is the responsibility of the contractor to determine if a claim should be pursued against a subcontractor. 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 a loss/adjustment had occurred, whichever is later. If you need guidance,

# COMMODITY LOSS/ADJUSTMENT PROCEDURES

contact WSDA to assist you with this determination. You only need to forward Commodity Loss/Adjustment Form to WSDA in the following instances:

- Any time theft is involved, notify WSDA immediately and provide WSDA with all documentation.
- Any time a loss exceeds \$500 in value, notify WSDA immediately and provide WSDA with all documentation.
- Any time bug or rodent infestation is involved, notify WSDA immediately and let us know the steps taken to remedy the issue. WSDA reserves the right to request copies of all documentation.

**Date Received:** The date that you received the Commodity Loss/Adjustment Report from the subcontractor.

**Determine the Value of Loss:** Multiply the number of cases lost or adjusted by the price per case for that commodity food item to determine the value of the loss or adjustment per item. Find the price per case on the Food Assistance webpage under the heading [USDA Food Price Lists](#).

If an item isn't listed on the price list, or on an additional items list for the fiscal year in question, then you can contact your regional representative have them look up the correct price per case. Add up the value of the loss/adjustment per item for the total value of loss/adjustment.

**Responsible Party:** Determine the responsible party. It could be the subcontractor, natural event, or other. A natural event is defined as a hurricane, flood, or general power outage. In the case of other it could be theft and in that case it may be some other entity.

**Was the loss over \$500?** If so then you must **immediately** notify WSDA as USDA must be notified.

This section is also the section in which your agency indicates whether you have determined to pursue further claim action against a subcontractor or if you have completed your investigation to your satisfaction and are not required to pursue a claim. If the value of the donated USDA food loss doesn't exceed \$500, you are not required to pursue a claim.

However, if the loss has occurred as a result of theft, embezzlement, willful misapplication, or fraud, the agency must pursue further claim for further action, regardless of the value of the loss.

If you are having trouble figuring out if a claim is required contact WSDA for guidance.

**Date Investigation Complete:** The date you've completed investigation and determined whether or not to pursue a claim for the loss.

Once you have completed the investigation, if the loss/adjustment reported by a subcontractor is \$500 or less, does not include theft, and is not due to a bug or rodent infestation, you are not required to notify WSDA and must simply keep this completed report on file as supporting documentation. However, please notify WSDA for further direction if the subcontractor is consistently reporting loss/adjustments.

# HOLDS AND RECALLS

## Holdings and Recalls

After receiving a recall notice from WSDA Food Assistance, immediately respond to the email. This will notify us that you have received the email and that you will put the USDA food in question on hold.

- Place all USDA food in question on hold. Mark each pallet with dated signs that read, "USDA hold don't distribute!" Isolate the USDA food in question to avoid accidental use and to take an accurate inventory.
- Conduct an inventory of the USDA food in question to determine what you have left on hand.
- Identify the sites that have had the USDA food in question issued to them. Immediately contact the sites and have them place the USDA food in question on hold and conduct an inventory to determine what they have left on hand.
- Upon receiving the inventories from all your sites, compile a master inventory list that should include:
  - Total Received
  - Total Issued
  - Total still in inventory and on hold
  - Locations of the USDA food in question
- Send master inventory list to WSDA Food Assistance by email.
- It may be necessary to dispose of the USDA food in question. Costs associated with the disposal of recalled USDA food should be tracked.
- It may be necessary to get all of the remaining USDA food in question back to a central distribution point so that USDA can arrange to have it removed. Be prepared to do this quickly; we may have a very short notice of a pickup. Costs associated with the pickup and storage of recalled USDA food should be tracked.
- It may be necessary for you to notify your clients that they should:
  - Refrain from eating the recalled USDA food.
  - Dispose of the recalled USDA food.

**This could include but should not be limited to: word of mouth, flyers and signs at the site, in addition to any normal communications you use for your recall process.**

You may release a hold on USDA food only at the express written permission of WSDA. Remember that WSDA will contact you in the case of a hold or a recall and will provide you with specific guidance. However, if you would like additional information regarding responding to a food recall, please see: [fns-prod.azureedge.net/sites/default/files/Responding\\_Food\\_Recall\\_FNS\\_Final\\_May\\_30\\_2014.pdf](https://prod.azureedge.net/sites/default/files/Responding_Food_Recall_FNS_Final_May_30_2014.pdf).

# USDA FOOD COMPLAINT PROCESS

## USDA Food Complaint Process

Contractors and their subcontractors must accept and process all USDA food complaints received by a participant regardless of whether the complaints are written, verbal, or anonymous by completing the [FA USDA Food Complaint Form](#) (AGR-2329). If a participant reports a food safety or health risk please contact WSDA immediately.

Contractors and subcontractors report directly to WSDA by using the [FA USDA Food Complaint Form](#) (AGR-2329) and/or subcontractors may request that their contractor submit the food complaint form to WSDA on their behalf. USDA food complaints are broad in nature and include things like issues with the packaging, recommendations for quality improvement, food safety, or health risks. The [FA USDA Food Complaint Form](#) (AGR-2329) should NOT be used when a contractor or subcontractor is reporting a receipt or inventory adjustment due to shortages, overages, spoilage, damage or theft.

The [FA USDA Food Complaint Form](#) (AGR-2329) should be completed and submitted to [foodassistance@agr.wa.gov](mailto:foodassistance@agr.wa.gov) within 10 calendar days of receiving a complaint, unless there is a food safety or health risk which needs to be reported immediately.

Make sure that all food complaints are properly documented and reported. WSDA Food Assistance will report the issue into the USDA Web-Based Supply Chain Management (WBSCM) system within five calendar days and report any significant issues directly to USDA FNS Western Region upon receipt. WSDA Food Assistance will maintain a record of and track all USDA food complaints including complaint status (pending, follow-up, completed, or referred to FNS).

# STORAGE REQUIREMENTS

## Storage Requirements

It is important to store food properly and at the right temperature. Improper storage can result in spoilage or damage that could result in your agency being charged for the cost of the food. Following are storage requirements for dry, refrigerated, frozen and processed commodities. The storage requirements given below are the minimum requirements. As such these requirements do not exempt a contractor or its TEFAP sites from complying with the local health jurisdiction's food storage and handling regulations.

### **DRY COMMODITIES:**

Store in a clean, cool, dry place, preferably where food will not be in direct sunlight. Food should be stored up off the floor and at least four to six inches away from walls. The storage area should be secure, clean and inspected on a regular basis. Temperatures should be regulated and monitored regularly. A method of pest infestation control (either professional or self-applied) should be in place for all storage areas.

Nuts and dried fruits can be damaged during storage by various stored-product insects and high heat. Infestation by insects can be minimized by storage at 50 to 70 degrees Fahrenheit, use of good sanitation, and quick distribution of the product. Storage at lower temperatures will help maintain the storage life of the product. It is not recommended that you store dried fruit or nuts during the summer months in a non-air-conditioned warehouse. If you must store these items during the summer, it's recommended that they are stored in a cooler to ensure that the product will remain useable for distribution.

### **ULTRA HIGH TEMPERATURE (UHT) SHELF STABLE MILK:**

UHT milk can be stored on the shelf at room temperature for months before being opened. It is recommended that it is used by the date stamped on the top of the carton. Once the package is opened it must be refrigerated.

If the package is damaged or if the package has been opened UHT milk will spoil. Once the package is opened the milk is exposed to the air and will spoil just like pasteurized milk. Always refrigerate after opening for maximum shelf life.

The best temperature to store shelf stable milk is from 33 to 80 degrees F. It can withstand higher temperatures between 81 to 108 degrees F but this will cause the milk to age more quickly (not causing bodily harm). Storing the milk at or above 109 degrees F for more than 10 days will cause the milk to sour but will not cause bodily harm.

### **REFRIGERATED COMMODITIES:**

Store in a cooler or refrigerator that will maintain a temperature between 33 and 40 degrees F. Refrigerated commodities include fresh fruit and vegetables. Commodities needing refrigeration can include dry commodities that store better at cool temperatures such as dried fruit (e.g. raisins and prunes) and milled grains (e.g. flour and cornmeal.) The food should be stored such that proper air circulation is maintained in

# STORAGE REQUIREMENTS

the refrigeration unit. The unit should be cleaned and inspected on a regular basis. A thermometer should be in each unit and monitored daily.

## FROZEN COMMODITIES:

Store in a freezer that will maintain a temperature of zero degrees Fahrenheit or lower. The food should be stored such that proper air circulation is maintained in the freezer unit. The unit should be cleaned and inspected on a regular basis. A thermometer should be in each unit and monitored daily.

Recommended temperatures and storage time for TEFAP commodities:

<u>TYPE</u>	<u>TEMPERATURE RANGE</u>	<u>TIME SPAN</u>
Frozen	0 degrees Fahrenheit or lower	9 months
Refrigerated	33-40 degrees Fahrenheit	5 months
Dry Goods	50-70 degrees Fahrenheit (exception fruits and nuts)	1 year

## STORAGE PERIODS:

Shelf life is the length of time from pack date that USDA donated food can be stored at acceptable temperatures without affecting quality. USDA donated food shelf life recommendations are currently stated as “best if used by” dates. WSDA recommends that contractors and subcontractors have no more than a three month supply of USDA donated food on hand.

### Expiration and Use-by Dates:

“Expiration” dates and “use-by” dates are the last dates the manufacturer recommends a food item be consumed to ensure peak quality and nutrient retention. TEFAP USDA donated food that is past its expiration date or its use-by date must **not** be distributed to program recipients.

### Best-If-Used-By (BIUB) Date:

A “best-if-used-by” (BIUB) date is the last date a food item will be at its peak, in terms of flavor and quality. At some point after that date, the product will begin to undergo changes in taste, color, texture, and/or nutrient content. However, the product may be wholesome and safe to consume, and retain most of its nutrient value, long after the BIUB date. BIUB dates are intended only as useful guidelines. Some TEFAP USDA donated food may deteriorate more quickly and some may last longer than the times recommended. But, because many factors can shorten the useful life of a USDA donated food such as improper handling and inadequate storage temperatures, the inventory control method of “first-in, first-out”(FIFO) should be practiced by those responsible for TEFAP USDA donated food and inventories and distribution.

**As stipulated by USDA in [Policy Memo FD-107](#), USDA TEFAP food that is past its BIUB date must not be distributed to program recipients.**

# STORAGE REQUIREMENTS

Contractors and their subcontractors must consider BIUB dates in managing their TEFAP inventories, and distribute foods in a manner that allows the food to be consumed by the BIUB date. Failure to distribute TEFAP food to program recipients prior to the expiration/BIUB date may be considered a loss of TEFAP food.

## “Sell-by” Date:

The “sell-by” date is the date by which the manufacturer recommends that a store sell the food product, and is not necessarily a reliable indicator of how long it may retain its wholesomeness or nutritional value.

## CONVENTIONAL STORAGE PRACTICES:

### Monitoring Storage Temperatures:

Contractors are responsible for any loss of TEFAP USDA donated food that happens due to negligence. Contractors should monitor and record storage temperatures on a daily basis year round. Although WSDA cannot require the daily year round reading of storage temperatures, USDA considers all losses that result because of inadequate temperature control to be caused by negligence and hold the contractor responsible for the TEFAP food loss. **This includes losses due to the failure of an alarm system.** Therefore, the burden of proof is on the contractor to demonstrate that the loss was not caused by its negligence and shall record the storage temperatures on a daily basis.

The purpose of the temperature chart is to help the contractor maintain the proper temperatures in their TEFAP food storage facilities. If there is a significant change in temperature, the contractor can take appropriate action to correct the problem and avoid deterioration or loss of stored TEFAP food.

### Practicing First In, First Out (FIFO):

USDA donated foods are to be stored so that the USDA donated food with the **nearest expiration/BIUB dates** are in front and used first, followed by USDA foods with the **oldest pack dates**. With the increasing number of TEFAP foods having commercial labels; contract numbers, pack dates and expiration/BIUB dates may not appear on each case. When TEFAP food is received, contractors may choose to write the received date on the product if no other date is present. If TEFAP food is taken out of the case and stored, each can, box, or container should be marked with the received dates if pack dates or expiration/BIUB dates are not available.

# FOOD SAFETY AND SANITATION REQUIREMENTS

## Food Safety and Sanitation Requirements

**This applies to contractors and subcontractors receiving TEFAP food for a Food Bank, Food Pantry, or Meal Program.**

### **ALL MUST ADHERE TO REASONABLE SAFETY AND SANITATION STANDARDS:**

Contractors and subcontractors must adhere to all applicable local, state and federal regulations on food safety and sanitation. These standards cover the areas of ground and warehouse maintenance, food storage and pest control.

- Properly control pests inside and outside.
- Use the assistance of a trained exterminator to set outside traps and bait stations, setting traps indoors. **NOTE: Rodent pesticides are not to be used inside except with very serious infestations and never in close proximity to food.**
- Do proper lawn care and weed control.
- Store equipment, pallets and trash receptacles away from the building, keeping grounds litter-free. Keep trash receptacles covered and clean.
- Keep doors and windows shut unless they are screened.
- Maintain the inside of buildings so that they are clean and in good repair.
- Adhere to good food safety practices so that foods are stored in a manner to protect them from spoilage, infestation, damage or other condition that may jeopardize the wholesomeness or safety of the foods.
  - Move out the oldest food first.
  - Must be maintained in sanitary conditions, keep food storage areas and pallets clean.
  - Maintain proper temperatures and humidity, and with adequate air circulation of perishable foods. Cold storage must be maintained at between 33 and 40 degrees; frozen storage must be maintained at zero degrees or lower.
  - Keep food off the floor and on pallets.
  - Keep food 4-6 inches from the wall.
  - Keep cleaning agents and other toxic materials away from food, inspecting food for damage or contamination.
- Food safety: Foods that show signs of spoilage, infestation, or other visible defects should not be used or distributed, regardless of product dates or when the foods were received, as such food is generally considered not fit for human consumption.
- There must be hand-washing facilities with hot running water.

# FOOD SAFETY AND SANITATION REQUIREMENTS

## **NON-COMPLIANCE TO SAFETY AND SANITATION STANDARDS:**

Providers who put the public's health at risk and do not adhere to these standards may be suspended or terminated from TEFAP if they do not make the necessary improvements within 30 days of a notice from WSDA requiring compliance.

**NOTE: Chapter 246-215 Washington Administrative Code (WAC), Subpart D - Donated Food Distributing Organizations**, effective May 1, 2013 provides the safety standards for food pantries and food banks. The Food Code serves as the basis for food service rules in most states and provides Washington with rules that are more consistent with the national food safety standards.

[www.doh.wa.gov/Portals/1/Documents/Pubs/332-033.pdf](http://www.doh.wa.gov/Portals/1/Documents/Pubs/332-033.pdf)

# SECTION 6: PROPERTY MANAGEMENT

## Section 6: Property Management

# TEFAP PROCEDURES MANUAL SECTION 6: PROPERTY MANAGEMENT

# PROCUREMENT REQUIREMENTS

## Procurement Requirements

### **PERSONAL PROPERTY PROCUREMENT:**

For this policy “personal property” means property of any kind except real property. For this policy, “equipment” means tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit, including ancillary costs.

Contractors must notify and get prior approval from WSDA when using program funds to purchase equipment when the cost is expected to equal or exceed \$5,000 per unit. [Equipment Procurement Requirements and Guidelines](#) (AGR PUB 609-454) and the [FA Equipment Purchase Request/Approval Form](#) (AGR-2204) can be found on the WSDA, Food Assistance webpage at: [agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs). Contractors, and on behalf of their subcontractors, must submit the form (AGR-2204) to FA prior to purchasing, regardless of the percentage to be paid with FA funds.

Contractors and subcontractors, shall establish written procurement procedures, which should include at least the following:

- All procurement transactions shall be conducted in a manner to provide to the maximum extent practical, open and free competition.
- Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement method when using FA funds, and to assure the avoidance of purchasing unnecessary or duplicative items.
- Solicitations for goods and services shall provide a clear and accurate description of the technical requirements for the material, product, or service to be procured.
- Procurement records for purchases shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.
- Purchasing agreements shall be made only with responsible vendors under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as the vendors’ integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Vendors shall not be suspended or debarred.
- Subcontractors must submit to the contractor any related procurement documents, justification for non-competitive procurement, if applicable, in order to receive reimbursement from FA funds.
- Real property (land, land improvements, structures and appurtenances/fixtures) is considered an unallowable cost

# PROPERTY MANAGEMENT AND INVENTORY

## Property Management and Inventory

For this policy “personal property” means property of any kind except real property. For this policy “equipment” means tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The Washington State Administrative and Accounting Manual (SAAM) defines the state’s capitalization policy as assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater. Consequently, components valued less than \$5,000 but are pieces of a larger system valued over \$5,000 are determined to be equipment. (Refer to [SAAM 30.20.20](#)).

### **EQUIPMENT INVENTORY POLICY REQUIRED:**

- Contractor and subcontractors shall have an inventory policy in place for nonexpendable personal property that adequately addresses how to track all nonexpendable personal property inventories.
- Contractors shall have a method for tracking inventory purchased by their subcontractors with FA funding in order to assure that all appropriate equipment is listed on FA’s Annual Inventory Report each year.
- Subcontractors shall have a method for tracking FA purchased nonexpendable personal property.
- A physical inventory of the property purchased with FA funds must be taken and reconciled with the equipment records at least once every two years.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft shall be investigated.
- Adequate insurance and maintenance procedures must be in place for all equipment.
- If the agency is authorized to sell the property, proper sales procedures must be established to ensure the highest possible return.
- Contractors shall follow proper procedures for the disposition of equipment purchased with FA funds. See [Disposition of Personal Property Equipment](#)

### **ANNUAL REPORTING OF EQUIPMENT:**

- All contractors must report at the end of each state fiscal year on the [FA Annual Inventory Report](#) (AGR-2201) of nonexpendable personal property and equipment with an acquisition cost of \$5,000 or more per unit that was purchased with FA funds, regardless of the percentage FA paid. Section 1 of the report includes new and past purchases that have not been placed in disposition status. Section 2 of the report includes only disposition of equipment actions that occurred since the last report was submitted.
- Contractors are responsible for reporting subcontractors’ applicable equipment inventory on the FA Annual Inventory Report

# PROPERTY MANAGEMENT AND INVENTORY

- Equipment reporting is based on the acquisition date and has no ending date for the FA Annual Inventory Report until disposition occurs.
- Equipment records shall be maintained accurately and shall include the following information:

## **Active Inventory:**

- Purchase date;
- Item purchased;
- Description: brand, size, for vehicles: make, model, year;
- Identification: manufacturer's serial number, model number, VIN number, federal stock number, national stock number, or other identification number;
- Condition: good, fair, poor, scrap/salvage;
- Unit cost;
- Percent of total cost: percent per FA funding type;
- FA funding: CSFP, EFAP, TEFAP, TEFAP-ARRA, TMP;
- Physical Location;
- Agency Title Holder: name of agency that owns equipment.

## **Inventory Disposition:**

- Purchase date;
- Item purchased;
- Description: brand, size, for vehicles: make, model, year;
- Identification: manufacturer's serial number, model number, VIN number, federal stock number, national stock number, or other identification number;
- Condition: good, fair, poor, scrap/salvage;
- Sale price or current market value;
- Percent of total cost: percent per FA funding type;
- FA funding: CSFP, EFAP, TEFAP, TEFAP-ARRA, TMP;
- Disposition type: sold, scrap, transferred, trade-in, lost/stolen;
- Agency Title Holder: name of agency that owns equipment.
- Method used to determine current fair market value where a program compensates the state (or federal entity) for its share, if applicable.

## **DISPOSITION OF PERSONAL PROPERTY AND EQUIPMENT:**

If a contractor or their subcontractor has no further need for the equipment, with an original purchase price of \$5,000 or more per unit, then the [FA Equipment Disposal Request/Approval Form](#) (AGR-2203) must be completed and sent to FA for prior approval. Additional instructions can be found in the [Equipment Disposition Requirements](#) (Publication No. 609-452). Once approved, the following applies:

# PROPERTY MANAGEMENT AND INVENTORY

- If current fair market value is under \$5,000, WSDA encourages the contractor, if the equipment is in good working condition, to see if another emergency food provider can use it.
- If current fair market value is \$5,000 or more, disposition is at the state's discretion and is dependent upon the value, condition, and whether the equipment can be used to further service other programs. FA staff determine the best method of disposition on a case-by-case basis, and may include:
  - Contractor compensates WSDA by applying the percentage of WSDA's contribution towards the original purchase price of the item to the current fair market value of the equipment, if WSDA determines that the contractor or subcontractor is not keeping the equipment to use in an eligible program or using as a trade-in.
  - Contractor compensates WSDA by applying the above same formula to the selling price of the item if the contractor or subcontractor sells the equipment. Contractor may keep \$500 from WSDA's share or 10 percent of the proceeds; whichever is less, for costs involved in selling the equipment if not using it for the purchase of another piece of equipment for use in an eligible program. In the latter case, contractor or subcontractor may use the entire proceeds of the sale for the new purchase.
- When determining the method of disposition, the following questions could be used for disposition consideration by WSDA or by contractors with subcontractors:
  - What is the best interest for all parties?
  - Who, if anyone, can make the best use of the equipment in serving clients or continuing the service?
  - How serviceable is the equipment?
  - How much residual value does the equipment actually have based upon an appraisal by a disinterested party?
- Disposition status must be updated on the [FA Annual Inventory Report](#) (AGR-2201) that the contractor provides to WSDA annually.

# SECTION 7: COMPLIANCE MANAGEMENT

## Section 7: Compliance Management

# TEFAP PROCEDURES MANUAL SECTION 7: COMPLIANCE MANAGEMENT

# PAPERWORK DUE DATES

## Paperwork Due Dates

### REQUIRED REPORTS AND SCHEDULE OF SUBMITTALS FOR CONTRACTORS:

Unless otherwise expressly required by a provision the contract, contractor shall adhere to the following schedule for reporting:

DUE DATE	TEFAP REPORT
20th of the month following provision of services; exceptions apply	<ul style="list-style-type: none"> <li>Monthly Contractor Invoice Voucher</li> <li>Contractor Inventory Report</li> </ul>
Upon request or as needed	<ul style="list-style-type: none"> <li>Other reports and data as requested</li> </ul>
Annually, on July 20 <sup>th</sup>	<ul style="list-style-type: none"> <li>Annual Inventory Report (Equipment)</li> </ul>
Annually, 30 days after the end of contractor's fiscal year	<ul style="list-style-type: none"> <li>Single Audit Exemption Form for Contractors, if applicable</li> </ul>
Annually, 9 months following the end of contractor's fiscal year	<ul style="list-style-type: none"> <li>Single Audit Report, if applicable</li> <li>Financial Audit, if applicable and if contractor is conducting an annual audit.</li> </ul>
Option for either a one or two year audit, 9 months following the end of contractor's fiscal year	<ul style="list-style-type: none"> <li>Financial Audit</li> </ul>
45 days after the contractor's fiscal year	<ul style="list-style-type: none"> <li>Accounting System Verification Form, if applicable</li> </ul>
Within 30 days of contract execution and thereafter upon each renewal.	<ul style="list-style-type: none"> <li>Insurance Certificates</li> </ul>
Within 30 days of subcontract execution	<ul style="list-style-type: none"> <li>Subcontract face sheet</li> <li>Subcontractor site list</li> </ul>

Forms listed above may be downloaded from the FA webpage at [agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs).

# WSDA COMPLIANCE REVIEWS

## WSDA Compliance Reviews

### **WSDA STAFF SHALL MONITOR FISCAL REPORTS ON A MONTHLY BASIS:**

WSDA staff shall conduct monitoring of contractors by evaluating monthly submitted expenditure reports and responses. At any time, WSDA may request a contractor to send in any and all supporting documentation for expenditures.

- If a contractor violates any conditions set forth in the contract, WSDA staff will investigate the violation.

### **WSDA COMPLIANCE REVIEWS OF CONTRACTORS AND SUBCONTRACTORS:**

WSDA is responsible for monitoring the operation of the program to ensure that it is being administered in accordance with federal and state requirements and promotes program integrity. The WSDA monitoring system will include:

- An annual review of at least 25 percent of all contractors provided that each such agency must be reviewed no less frequently than once every four years.
- An annual review of 20 TEFAP subcontractors which receive TEFAP commodities and/or administrative funds pursuant to an agreement with a contractor. Subcontractors are chosen for a review based on the TEFAP Annual Risk Assessment (approx. 50 percent) and on a random sample. In addition, subcontractors may be chosen for review based on performance concerns. Reviews must be conducted, to the maximum extent feasible, simultaneously with actual distribution of commodities and/or meal service and eligibility determinations, if applicable.
- Contractors are also required to conduct compliance reviews of at least 10 percent of their subcontractors on an annual basis. See [Contractor Responsibilities](#) section.
- When FNS concurs, reviews of contractors or subcontractors which have been conducted by USDA Food and Nutrition Services (FNS) Regional Office personnel may be incorporated into the minimum coverage required.
- At a minimum, each review must encompass, as applicable, eligibility determinations, distribution rate formula, storage and warehousing practices, fiscal and inventory control, reporting and record keeping requirements, and compliance with civil rights policies and training. WSDA compliance review forms for contractors and subcontractors are available on the Food Assistance webpage.

### **WSDA COMPLIANCE REVIEW PROCESS:**

- WSDA staff will try to schedule site visits in advance by sending a written or a verbal notification to the program manager or representative.
- Documentation may be requested ahead of time for review in the office by WSDA staff.
- Once WSDA staff have completed the review it is required that they obtain appropriate signatures to verify that the review took place.

# WSDA COMPLIANCE REVIEWS

- At the request of the contractor or WSDA, an exit interview will be conducted.
- WSDA will send the final report to the contractor, the subcontractor (if applicable) and their respective contractor. This will include results, recommendations, required follow-up or corrective action.
  - If corrective action (significant) is required, then WSDA will also notify USDA FNS Western Region.
- WSDA will keep a copy of the review on file.
- WSDA staff will monitor required follow-up or corrective action items to ensure completion.

# CONTRACT COMPLIANCE

## Contract Compliance

### **WSDA MAY RECAPTURE AND REALLOCATE CONTRACT FUNDS:**

- If a contractor does not spend down their full allocation, it will be reallocated for program use.
- WSDA will pursue recovery of any misused funds or foods.

### **TERMINATION OR SUSPENSION:**

- Either party may terminate contract in whole or in part upon thirty 30 days written notice, regardless of whether termination is for cause or at will.
- If WSDA determines to terminate because of contractor's failure to comply with the contract (termination for cause), WSDA may provide notice and offer contractor the opportunity to correct the noncompliance. The notice will provide a time by which the contractor must return to compliance.
- If contractor fails to correct the noncompliance within the time WSDA allows, WSDA may then immediately terminate the contract.
- If WSDA terminates the contract for cause, contractor may request a dispute review as provided under the Disputes section of the contract.
- As an alternative to termination, WSDA may suspend the contract in whole or in part, effective upon contractor's receipt of notice of suspension.
- If WSDA suspends the contract because of contractor's failure to comply with the contract, WSDA may provide opportunity for contractor to correct the noncompliance during the period of suspension.
- WSDA will not pay any costs associated with suspended work from the time contractor receives notice of suspension until the time contractor receives notice from WSDA to resume work.
- WSDA may terminate contract at any time during a period of suspension.
- Action to suspend or terminate funding will be taken if repeated communication with the agency's governing board fails to produce corrective action.
- WSDA shall follow the process for suspension and termination as provided in the contract.
- Contractor shall refund WSDA for any misuse or loss of funds or food received by contractor under the contract, regardless of whether contractor has further distributed the funds or food.

### **CONTRACTORS MAY SUSPEND OR TERMINATE SUBCONTRACTORS FUNDS:**

Contractors may suspend or terminate funding to subcontractors according to the above criteria and their corrective action policy. The contractor must notify WSDA prior to taking any corrective action.

# DISPUTE POLICY FOR CONTRACTORS

## Dispute Policy for Contractors

When a dispute arises between WSDA Food Assistance (FA) and the contractor that cannot be resolved by direct negotiation, the contractor may request a review by WSDA's director, who may designate another neutral person (designee) to hear the dispute.

### **DISPUTING A WSDA FOOD ASSISTANCE (FA) DECISION:**

- Contractors may appeal to WSDA any substantive decision of FA to deny, award, recapture, reallocate, suspend or terminate funds that is believed to be to be unfair, unreasonable, or have a major adverse impact on local delivery of services.
- FA must provide contractors with a copy of the dispute policy prior to or with any substantive decision.
- Any decision of FA to deny, award, recapture, reallocate, suspend or terminate funds will stand until the dispute review process is completed and will only be modified or reversed as a result of the dispute review process.

### **THE CONTRACTOR DISPUTE REVIEW PROCESS:**

- The request must:
  - Be written;
  - Identify the contractor's name, address and the contract number;
  - State the disputed issues;
  - State each party's position;
  - Be mailed to the director, with a copy to the WSDA Food Assistance program manager within 15 working days after the parties agree that they cannot resolve the issue.
- The WSDA Food Assistance program manager shall submit a written statement of their position regarding the contractor's request to both the director or the director's designee, and the contractor within 10 working days.
- The director or director's designee shall review the written statements and provide a decision in writing to both parties within 15 working days. At the discretion of the director or director's designee, the time in which to make a decision may be extended or expedited upon notice to both parties.
- The decision of the director or the director's designee shall be the final agency decision.
- The parties shall attempt to resolve the dispute as listed above before filing a claim in any tribunal.

# DISPUTE POLICY FOR SUBCONTRACTORS

## Dispute Policy for Subcontractors

When a dispute arises between the contractor and the subcontractor that cannot be resolved by direct negotiation, the subcontractor must follow the contractor's dispute policy.

### **THE CONTRACTOR SHALL ESTABLISH A DISPUTE PROCESS:**

The contractor shall establish a written dispute resolution process for subcontractors under their contract with WSDA no later than 30 days after execution of the subcontract. The subcontractor dispute resolution process shall not include WSDA as the arbitrator. WSDA is available to review and provide feedback to contractors when they are dealing with a subcontractor dispute.

### **THE CONTRACTOR MUST PROVIDE THIS DISPUTE PROCESS IN WRITING TO ALL SUBCONTRACTORS:**

The contractor shall provide a copy of the dispute process to all subcontractors within 45 days of the subcontract execution date.

## SECTION 8: APPENDIX

### Section 8: Appendix

# TEFAP PROCEDURES MANUAL SECTION 8: APPENDIX

# FA REQUIRED FORMS & PUBLICATIONS

## Food Assistance Required Forms and Publications

### **AVAILABLE FOR DOWNLOAD ON THE FOOD ASSISTANCE WEBPAGE AT:**

[agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs](http://agr.wa.gov/services/food-access/hunger-relief-agency-hub/fa-forms-and-pubs)

#### ***Accounting / Audit Forms:***

Accounting System Verification Form for Contractors (AGR-2206)  
Accounting System Verification Form for Subcontractors (AGR-2206)  
Food Assistance Single Audit Exemption Form (AGR-2207)  
Food Assistance Audit Requirement Form For Subcontractors (AGR-2217)

#### ***Civil Rights/Nondiscrimination:***

Civil Rights Training Instructions (AGR PUB 609-443)  
Civil Rights Training Checklist for Frontline Staff, Volunteers, and Managers (AGR-2198)  
Civil Rights Training Checklist for Non-Frontline Staff and Volunteers (AGR-2199)  
TEFAP Written Notice of Beneficiary / Client Rights (AGR PUB 609-565) English/Spanish  
TEFAP and CSFP Beneficiary / Client Referral Request Form (AGR-2239)  
USDA Nondiscrimination Statement (AGR PUB 609-488) English/Spanish

#### ***Equipment and Inventory:***

Annual Inventory Report Form (AGR-2201)  
Equipment Procurement Requirements and Guidelines (Publication No. 609-454)  
FA Equipment Purchase Request / Approval Form (AGR-2204)  
FA Equipment Disposition Requirements (Publication No. 609-2204)  
FA Equipment Disposal Request / Approval Form (AGR-2203)

#### ***Miscellaneous:***

Alternate 501 (c) (3) Church Verification Form (AGR-2241)  
Commodity Loss/Adjustment Report for Contractors (AGR-2256)  
Contractor Review Form (AGR-2225)  
Food Assistance – USDA Food Complaint Form (AGR-2329)  
Request for Alternate Language Approval Form (AGR-2325)  
Subcontractor Review Form (AGR-2227)

#### ***TEFAP Forms and Publications:***

TEFAP Client Intake Form (AGR-2271)  
TEFAP Contractor Inventory Report (AGR-2321)  
TEFAP Contractor Invoice Voucher (AGR-2233)  
TEFAP Income Guidelines (AGR PUB 609-445) English/Spanish

# FA REQUIRED FORMS & PUBLICATIONS

TEFAP Individual Client Intake Form (AGR-2342)

TEFAP Subcontract (AGR-2215)

TEFAP State Plan (AGR PUB 609-787)

***TMP Forms and Publications:***

TMP Contractor Inventory Report (AGR-2322)

TMP Contractor Invoice Voucher (AGR-2323)