

TEFAP

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Arkansas Department of Human Services
Division of County Operations

Commodity Distribution
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TEFAP – MANUAL

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Definitions

100 Definitions**01-08-01**

Commodities – Donated foods or foods available for donation, by the United States Department of Agriculture or Commodity Credit Corporation. The foods sometimes included are peanut butter, canned vegetables, fruits, fruit juices, meats, and dry packaged goods such as rice, pasta, and beans or peas.

Commodity Distribution – The state-distributing agency of USDA donated foods.

Distribution Site – The location where TEFAP donated foods are actually distributed to needy persons.

The Emergency Food Assistance Program (TEFAP) – A program that makes USDA donated foods available to emergency feeding organizations to provide the foods to needy households to relieve situations of emergency or provide supplemental food assistance.

Household – A group of individuals, exclusive of boarders, who are not residents of an institution, but are living as one economic unit, sharing common cooking facilities, and for whom food is customarily purchased in common. It also means a single individual, living alone, who has cooking facilities and prepares food for home consumption. (Foster children or homeless are included as a household unit).

Income – Is classified as either earned or unearned. The household must report all income at the time of application and any anticipated income to be received during the certification period. (Section 400).

Pickup Point – Any location where donated foods are given to only the elderly or disabled. These households should be on a fixed list. Only the food items needed for distribution to these households should leave your central distribution site. These locations must give applications to anyone and refer applicants who are not elderly or disabled to the nearest distribution site.

Recipient – A needy person or household receiving donated foods for their own use.

Recipient Agency – A public or nonprofit, Internal Revenue Service tax-exempt organization under agreement with the Arkansas Department of Human Services, Division of County Operations to receive donated foods for distribution to eligible recipients in The Emergency Food Assistance Program.

Subgrantee – Same as Recipient Agency.

USDA – United States Department of Agriculture.

150 Commodity Products

01-08-01

The commodities that the USDA donates may vary from time to time depending on which foods products are available. Because of the nutritional needs of participants in the TEFAP program most foods are purchased based on their protein value. Foods presently available are peanut butter, canned vegetables, fruits, fruit juices, meats, and dry packaged goods such as rice, pasta, and beans or peas.

All of the commodities purchased by the USDA must be certified by the USDA's inspection services to assure specifications are met. Only high grades of meats, fruits and vegetables are accepted. Specifications for the quality of the commodities are constantly updated. Recently revised specifications have reduced the fat, sugar and salt contents of foods purchased. For example, USDA is buying canned meats with less salt and beef with lower fat content.

160 Allocations

03-01-92

Commodity Distribution allocates TEFAP foods on a quarterly basis utilizing the allocation formula. The formula takes into account each Agency's number of persons living below the national poverty level (60%) and the number of persons unemployed (40%). This formula is revised annually to reflect each agency's current economic status. Commodity Distribution may revise the quarterly allocation upon notification of additional shipments of foods or reduce allocations when production or shipping problems occurs.

170 Food Alerts

03-01-92

This policy establishes food alert system procedures for communicating effectively and quickly with all recipient agencies whenever there is an urgent concern about the safety, wholesomeness or condition of donated foods.

Commodity Distribution shall:

1. Designate a person as permanent food alert coordinator and provide the name, address and telephone number to the Regional Director of Special Nutrition Programs, USDA Food & Nutrition, Dallas, Texas.
 2. Commodity Distribution will immediately notify (within 48 hours) each agency if any food item is found to have a problem.
 3. Immediately upon receipt of a food alert message, notify all other agencies, warehouses and appropriate employees.
 4. Copies of written information will be forwarded to the Regional Emergency Coordinator at the time of transmittal to recipient agencies.
- Upon receipt of additional information from the Food and Nutrition Service regarding the food alert, steps 3 and 4 above will be repeated.

200 TEFAP RESPONSIBILITIES

210 Commodity Distribution Responsibilities

03-01-92

Commodity Distribution section has the following responsibilities under the program:

1. Certify eligible recipient agencies.
2. Place and receive orders for donated foods from USDA.
3. Accept orders from recipient agencies (RA).
4. Transport or reimburse reasonable expenses for transporting donated foods to RA.
5. Provide technical assistance, guidelines and instructions for storage and distribution of donated foods;
6. Periodically conduct administrative reviews of recipient agencies and distribution sites.

220 Recipient Agency Responsibilities

01-08-01

Recipient agency responsibilities include:

1. Placing timely orders (calendar month prior to delivery month).
2. Properly store in accordance to Arkansas Department of Human Services guidelines and distribute USDA donated foods only to eligible recipients.
3. Train staff and volunteers.
4. Ensure guidelines are followed.
5. Submit reports to Commodity Distribution on a timely basis.
6. Maintain accurate records for reviews and audits.
7. Report losses of USDA donated foods to Commodity Distribution.
8. Report any discrepancies in the amounts or condition of the foods delivered from the foods listed on the shipping invoice.
9. Report to Commodity Distribution any changes in distribution sites or distribution rates. (Section 840)
10. Conduct annual reviews of storage locations.

300 Application Process

03-01-92

The application process is designed to obtain information from households, which is used to determine their eligibility for program participation. Applications should be handled in a way that minimizes long lines and inconvenience to the applicants. Recipient agencies should give special considerations and accommodations to the elderly and the handicapped.

The process can occur prior to, or in conjunction with, the distribution of donated foods. In order to ensure sufficient quantities of food are available, some agencies have established systems that permit application and eligibility determination of households prior to actual distribution periods. In such cases, the recipient agency should advise households of the distribution site where they are to pick up donated foods. This system would allow households that have not received prior approval to show up and apply on the distribution days, but would serve them after those who have been approved.

When conducting a distribution, all agencies must serve recipients on a first-come first-served basis. Usually, this is accomplished by utilizing a number system at the distribution site.

310 Eligibility Criteria

01-08-01

Eligibility to participate in the program is based on household size and income.

Once the application is completed, the recipient agency staff will review the information and determine if the applicant is eligible to receive benefits.

Income eligibility may be determined by meeting one of the following criteria:

1. The household participation in the food stamp program.
2. The household meeting financial eligibility criteria requirements which compares the household size and income to the state income guidelines. (130% of the poverty level.)
3. A foster child, or children (only) being automatically eligible.

Providers of foster care may apply as a household, including in family size the number of foster children residing in the home at the time of application. If the foster family is not income eligible, the foster care provider may apply on behalf of the foster children in the household. The foster care provider will be the foster children's authorized representative and the foster children are automatically eligible.

Volunteers are not automatically eligible to receive commodities. They must meet one of the above eligibility criteria. Homeless individuals are eligible to receive commodities if they meet one of the three eligibility criteria. Their address would be listed as homeless to identify their living status.

400 Income

01-08-01

Income is one basis for eligibility determination. The applicant's statement or their self-declaration of income will be compared to the current program income guide. The income guide is based on 130% of the federal poverty level and is updated annually July 1. Incomes are classified as earned and unearned. The information contained in the following sections will be used as a basis in determining the applicant's monthly countable income and for the treatment of earned and unearned incomes declared by the applicant.

410 Earned Income

01-08-01

All wages and salaries for services performed as an employee are earned income. There are no deductions for earned income and the gross pay should be converted to a monthly amount. To convert declared weekly incomes to monthly amounts, multiply by 4.334 and to convert incomes received every 2 weeks multiply the amount by 2.167.

If a household expects to receive less than a full month's income, the actual amounts anticipated will be computed. Such income will not be converted to monthly income.

For income received only twice a month the total is calculated by adding the two checks received.

420 Self-employment Income

03-01-92

Self-employment income includes:

- Total gross income from self-employment enterprise plus (+)
- The total gain from the sale of any capital goods or equipment related to the business minus (-)
- The cost of doing business.

430 Examples of Countable Income

01-08-01

1. Wages or salary.
2. Social Security benefits (including Medicare premiums).
3. Veteran's benefits.
4. Workmen's compensation benefits.
5. Regular insurance payment.
6. Military allotments.

7. Child support payments not under IV-4.
8. Self-employment income less business expenses.
9. Regular monthly cash contributions or allowances that help the household meet its usual living expenses.
10. Payments received to attend a vocational school, college or university less the amount paid for educational expenses. Payments received based on Title IV of the Higher Education Act are excluded. (Section 440, #12)
11. Unemployment compensation.
12. Income from rental property.
13. Railroad retirement payments.
14. Strike benefits.
15. Supplemental Security Income
16. Other – includes any other income from any source other than work. An example would be interest on savings.

440 Exclusions from Income

01-08-01

Sources of income/assistance not considered income are:

1. Food stamp benefits.
2. Vendor payments. Payments made directly by one party to another on behalf of the household. Example: a non-household member pays the household's rent directly to the landlord.
3. A loans which the household must repay and which are not intended for the current support of the household. Payments received by the household on a regular basis will be considered as income.
(This is a reference to Section 430, #9)
4. In-kind contributions such as food, clothing, or furniture.
5. Earnings of a child. Payment for services as an employee or from self-employment made to a child who is under age 18 and residing in the household who is attending high school, vocational school, college or university at least half time.

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6. Nonrecurring lump sum payments. Payments include, but are not limited to, income tax returns, rebates or credits; retroactive lump sum Social Security, SSI, AFDC, railroad retirement benefits or other payments; retroactive lump sum insurance settlements; and refunds of security deposits on rental property or utilities.
 7. Self-employment costs. The cost of producing self-employment income. (refer to Section 420)
 8. Vista. Payments to participants in Volunteers in Service to America.
 9. Energy Assistance. Payments or allowances made under any federal, state, or local laws for the purpose of energy assistance.
 10. Child Support payments under IV-D
 11. Educational Expenses
 12. Payments received based on Title IV of the Higher Education Act.
 13. Irregular income (less than \$30 in three months)
 14. Recoupments
 15. Reimbursements
 16. Earned income tax credits

500 Participation 03-01-92

510 Persons Who May Not Participate 01-08-01

1. Students living the majority of the time (over 50%) outside the applicants residence.
2. Residents of institutions.
3. Boarders.
4. Individuals who have been disqualified for intentional program violations (See Fraud, Section 1700).

520 Verification of Household Composition (Separate Household Status) 03-01-92

Individuals who wish to be a separate household from those with whom they reside will be responsible for providing a statement from the food stamp office indicating their separate household status. This is the only circumstance in which separate household status may be granted.

530 **Residency**

01-08-01

Participants are required to reside in the State of Arkansas. Also, participants are to be certified in the county in which they reside unless prior arrangements are made and approved by the recipient agency or Subgrantee distributing USDA foods. This procedure is used to assist in preventing duplicate issuance to households. Commodity Distribution should be notified when the distribution is monitored.

600 Identification

01-08-01

610 Identification

01-08-01

For new applications, certifications, and at the distribution of USDA foods the recipient agency personnel should ask to see some form of identification. A driver's license, ID issued by the state, military ID, or other forms of ID would be acceptable showing name and address. If the identification provided agrees with the name on the application form at certifications, the recipient agency will indicate the type of ID seen on the application form. The agency official will check ID to assure foods are issued to the recipient household or to their authorized representative during the distribution of USDA foods.

700 Certification

03-01-92

710 Certification Periods

03-01-92

The certification period is a designated period of time in which a household will be eligible to receive donated foods. Certification period will be listed as month/year through month/year. The month of application will generally be the first month in the certification period of an initial application. Eligibility for donated foods will cease at the end of each assigned certification period. Certification periods will be assigned in accordance with the following guidelines:

720 Unstable Households

03-01-92

Households may be certified for one month when the circumstances do not warrant a longer certification period because of anticipated changes in income or household composition.

Zero income households are considered unstable and their certification period must not exceed three months.

730 Stable Households

03-01-92

Stable households will be certified for up to twelve months if there is little likelihood of changes in income and households status. For example: individuals paid the same amount each pay period.

740 Unemployable or Elderly Households

03-01-92

Households consisting entirely of unemployable or elderly persons with very stable income may be certified for up to twelve months, provided other household circumstances are expected to remain stable. For example: Social Security recipients, SSI recipients and persons who receive pensions or disability payments.

Households should be advised at the time of approval to report changes that may affect their eligibility. Specific changes that should be reported are household size, household income or change of residence.

750 **Authorized Representative**

03-01-92

In instances where the head of the household or the spouse cannot apply for and/or pick up food from the distribution site, an authorized representative may be appointed. Authorized Representatives may or may not be members of the household. However, they should be designated in writing or announced verbally at the application interview by the head of household or spouse. Recipients may also want to utilize staff from other programs, such as “meals on wheels” to take applications and delivery donated foods to persons unable to visit designated distribution sites.

800 **Application Disposition**

03-01-92

810 **Denial**

03-01-92

Applications will be disposed of in the following manner:

If the applicant is ineligible, the agency worker would check the “application denied” block and enter the reason why the application was denied. The personnel would then sign and date the form and inform the applicant of the decision and the reason for denial. If the applicant disagrees with the decision, the applicant should be referred to the manager of the distribution site and advised of the Hearing procedure. (See policy regarding Hearings, Section 1800).

820 **Approval**

03-01-92

If eligible, the agency personnel would check the “application approved” block on the application form and complete the back of the application/issuance card.

830 **Issuance**

03-01-92

After receiving the approved application, the issuance personnel in charge of donated foods will issue the foods according to the “Distribution Guide Rates” provided by Commodity Distribution. The issuance personnel should indicate the foods in unit size on the card and obtain recipient’s signature before issuing the donated foods.

Agencies, which need to increase the distribution guide rate, must have prior written approval from Commodity Distribution.

840 **Distribution Guide Rates**

03-01-92

Rates established by Commodity distribution reflect a maximum issuance. Households' should be provided an opportunity to turn down all or part of an allotment of any item they may not need or want. However, they should be required to sign for the food they receive.

When utilizing the distribution rates you may double the rates or triple the rates for household distribution. Agencies are to determine if the available commodities will serve all participating households in the agency's service area and receive approval from Commodity Distribution before changing the issuance rate. (Sec. 830)

841 **Accountability**

01-08-01

The DCO-1852 was implemented as mandatory form to trace the commodities within each agency and to increase the accountability of the program. Agencies may develop their office form to replace the DCO-1852 so long as the form contains the required program information. The finished form must be submitted to Commodity Distribution for approval before usage or the initial supply is printed. Retain the completed forms (DCO-1852 or agency program forms) at your central office. Upon their request, the forms must be available for review for Commodity Distribution or the United States Department of Agriculture.

842 **Error Rate (Improperly Completed Applications)**

03-01-92

When applications are reviewed by Commodity Distribution and they exceed the 10 percent error rate, a deficiency will be noted. The recipient agency is required to submit a corrective action plan to Commodity Distribution for a deficiency found during a review.

850 **Available Foods**

01-08-01

Each recipient agency will be provided allocation amounts, as foods are available by Commodity Distribution. Allocated amounts are subject to change if sufficient quantities of the food items are not available.

860 **Confidentiality**

03-01-92

The applicant's right to privacy must be protected at all times. All personnel should understand that all information concerning the household must be held in the strictest confidence. Information concerning the household cannot be provided to outside persons or organizations other than authorized representatives of the state agency and USDA.

900 **Civil Rights**

01-08-01

The recipient agency agrees to comply with all laws, rules and regulations pertaining to prohibiting discrimination on the basis of race, color, national origin, sex, age, or disability.

Each recipient agency must:

1. Advise the public, including minority and grassroots organizations in the area served, of program availability, eligibility standards, site locations, and hours of operation of sites for both pre-registration and food distribution.
2. Include the following nondiscrimination statement in the public notification: “Rules for acceptance and participation in the program are the same for everyone without regard to race, color, national origin, sex, age, or disability.”
3. Post the USDA “...And Justice For All” poster at all distribution sites and appropriate offices dispensing program benefits to participants or potential participants.
4. Collect racial/ethnic data at all service delivery points.
5. Have the capability of providing the above information in a bilingual manner when the agency is providing services in a language minority area.

Direct complaints to write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 202-9410 or call (202) 720-5964 (voice and TDD). Complaints must file their complaint within 180 days from the date of alleged discrimination to be considered official.

910 Public Notification

03-01-92

The public notification should state the date, time and location where the distribution will take place, the eligibility requirements, and the USDA nondiscrimination statement. The notification should be made in the appropriate language(s) to reach potential recipients.

1000 Volunteers

03-01-92

Dedicated volunteers are crucial to the success of TEFAP. Volunteers can stretch resources, lower administrative costs, help use professional time more effectively and increase the quantity and quality of services to recipients. Volunteers also foster community awareness and support of the program that is vital to its success.

1010 Political Activity

03-01-92

Distribution sites are to refrain from utilizing the distribution of USDA commodities to further various political interests. The definition of political interest encompasses candidates, parties, and political issues such as initiative, referenda, and state constitutional amendments appearing on the ballot.

Activities unrelated to the distribution of TEFAP foods may be conducted at distribution sites as long as: the person(s) conducting the activity makes clear that the activity is not part of TEFAP and is not endorsed by the Department of Agriculture (impermissible activities include information not related to TEFAP placed in or printed on bags, boxes, or other containers in which commodities are distributed). Recipes or information about commodities, dates of future distribution, hours of operation, or other federal, state or local government programs or services for the needy may be distributed without clarification that the information is not endorsed by the Department of Agriculture. The person(s) conducting the activity makes clear that cooperation is a condition of the receipt of TEFAP commodities (cooperation include contributing money, signing petitions, or conversing with the person(s)). Also the activity must not be conducted in a manner that disrupts the distribution of TEFAP commodities.

1100 Financial

03-01-92

1110 Allowable Costs

03-01-92

The following information is provided to assist agencies in determining what may be considered allowable costs for payments with USDA funds.

- Commercial or leased storage space and maintenance of such space for donated foods held by the agency after delivery from the state warehouse until distribution occurs.
- Transportation cost of donated foods from state-contracted warehouse to the agencies and/or any transportation costs incurred transporting the foods within the area from local storage to distribution sites or between sites.
- Cost (rental or purchase) of equipment to load and unload the donated foods.
- Printing and mailing costs associated with vouchers or notices to recipients concerning eligibility, distribution time and distribution sites.
- Costs for monitoring to the extent personnel devote time to monitoring this program.
- Labor hired specifically to handle or distribute the foods.
- Purchase of bags or boxes to carry food for recipients.
- Cost of duplicating fact sheets on foods for recipient use.
- Cost of audits.
- Salaries and fringe.
- Travel expenditures associated with the TEFAP program.
- Telephone and utilities associated with TEFAP.
- Rent of buildings, computer costs and office supplies associated with TEFAP.
- Cost of bookkeeping.
- Cost of administrative procedures required for program participation.

1120 Defining Commodity Value

03-01-92

Once a shipment is received, your representative must sign an invoice indicating that the listed food items have been received. The invoice may be used to calculate the price of each product delivered. Commodity Distribution updates the price changes monthly so the price of each food may vary from one delivery to the next. On the right hand side of the invoice under the column indicated as bonus is the price of each food item. To calculate the case price use the last column bonus value and divide by the case price that is indicated in column two under quantity. If calculating the value of a food loss, use the bonus value divided by the amount in the weight column to determine the price per pound. If you have any questions regarding value of the commodities please contact Commodity Distribution.

1200 Record keeping

01-08-01

The state and recipient agencies are required to keep records that document:

1. The status of donated foods from the time they are received from USDA until they are distributed to eligible recipients. Signatures are required from agency representatives at each location and from each household receiving commodities.
2. The status of funds from the time they are received from USDA until they are expended for allowable costs or returned to USDA. These records must establish an audit trail that would allow someone to trace the foods from the beginning of their cycle at the State Agency level to the end of their cycle at the recipient agency level. These records, along with certification and distribution records on individual households must be maintained for the duration of the fiscal year in which the program is operating and for three years after the end of the fiscal year to which they pertain.

1300 Monitoring

03-01-92

Commodity Distribution will monitor administratively every Recipient Agency or Subgrantee on an annual or semi annual basis. For administrative reviews, each agency will be notified in advance that Commodity Distribution will monitor them on a specific date. Also, legislation requires fifty (50) or one third (1/3) of the distribution sites to be monitored annually.

1400 Funding

01-08-01

A proposed budget (see Forms manual) will be required with your Subgrant Agreement. The Subgrant Agreement must be approved prior to approval of any reimbursement. All costs allocated to this Subgrant must be identified in your budget.

The Statement of Expenditures and Request for Funds and inventory report are to be submitted to Commodity Distribution by the 25th of the month following the distribution month. Agencies are to claim all eligible expenses for maximum reimbursement. Subsequent claim(s) may be submitted in the second month following the month of distribution for expenses related to the maximum reimbursement was not previously claimed and the expenses were received too late to be listed on the initial Statement of Expenditures and Request for Funds.

Information for a subsequent claim should include section A completed and section B should list the expenses not initially claimed and a notation of the total initial expenses claimed.

Reimbursement rates are \$ 2.50 for each case of food distributed or the actual cost of the distribution if less. All forms and correspondence are to be returned to Commodity Distribution, P. O. Box 1437, Slot S 337, Little Rock, AR, 72203.

1450 Food Transfers

01-08-01

A transfer of commodities between recipient agencies may be made only with prior approval of the distributing agencies and Commodity Distribution. A Donated Food Transfer Record (DCO-1816) is completed to document food transfers between agencies. After completion, the original form is mailed to Commodity Distribution. The transferring agency and the receiving agency retains a copy for their files.

The recipient agency must complete a Receipt and Transfer Site Report (DCO- 1852) to document transfers of commodity foods from the shipping invoice destination to the distribution locations.

1500 Storage Facilities and Guidelines

03-01-92

It is the responsibility of the recipient agency to properly store and handle all donated foods received for the TEFAP program. A recipient agency is ultimately responsible for any USDA donated foods at sites under its jurisdiction and must take prudent and reasonable care of the foods at all times.

Recipient agencies must review each of their storage locations annually. Storage reviews are retained by the recipient agency for review by Commodity Distribution or USDA. Corrective Action plans will be documented in cases of non-compliance. Results of the corrective actions must be forward to Commodity Distribution. Review forms are available from Commodity Distribution upon request.

1510 Recommended Storage Temperatures

01-08-01

The following temperatures are recommended for perishable products:

The maximum storage life is shown for different temperatures.

Fahrenheit <u>CODE</u>	<u>PRODUCT</u>	<u>CONTAINER</u>	<u>#PER CASE</u>	Shelf life (listed in months) @ degree		
				90°	70°	40°
A059	GREEN BEANS	#300 CAN	24	12	24	48
A119	W/K CORN	#300 CAN	24	18	36	72
A170	POTATOES	#300 CAN	24	15	30	60
A282	APPLE JUICE	46 OZ. CAN	12	9	18	36
A351	APPLESAUCE	#300 CAN	24	12	24	48
A437	PEARS	#300 CAN	24	9	18	36
A562	CHICKEN, BONED	29 OZ. CAN	24	18	36	60
A610	BEEF (w/nj)	29 OZ. CAN	24	18	36	60
A630	PORK (w/nj)	29 OZ. CAN	24	18	36	60
A803	SALMON	14.75 OZ. CAN	24	18	36	72
A910	PEAS, DRY BLACK EYE	2 POUND PKG.	12	9	12	24
A914	BEANS, DRY PINTO	2 POUND BAG	12	9	12	24
B090	MILK, INSTANT, NFD	4 POUND BOX	6	3	12	24
B367	FLOUR MIX	5 POUND BAG	6	3	6	12
B474	PEANUT BUTTER	18 OUNCE CONTAINER	12	9	18	36
B510	RICE**	2 POUND PKG.	24	12	24	48
**(Should be stored where humidity is 55% or less. Refrigeration is recommended for extended storage.)						
B835	SPAGHETTI	2 POUND PKG.	12	18	36	72

Storage life refers to the elapse time between the packing of the product and its immediate consumption. Storage information is helpful in assessing product quantity, but is not an indicator of food product safety, and does not represent an expiration date. The storage periods given are approximate. Products can be expected to show signs of quality loss within 1/5 of the time listed on the above chart depending upon how the product is stored. Therefore, products in storage should be monitored, to the extent possible, for signs of quality loss, and good judgement should be employed in assuring their suitability for use.

1520 Food Ordering

03-01-92

Recipient agencies must order only quantities of food that can be used without waste and have adequate storage facilities for the amount of food requested or accepted. As foods are available, your agency will receive a form letter indicating your allotment of commodities. Recipient agencies should complete the form and return it to Commodity Distribution within 15 days. Once your date of delivery is approved, each recipient agency must submit a food order form indicating drop points and foods requested.

1525 Transporting Commodities

03-01-92

Transportation of commodities from the main distribution drops to the outlying distribution sites must be accomplished by utilizing tarpaulins or other waterproof covering when using an open-bed truck. Truck beds should also be clean, dry, and free of debris.

1530 Receiving

01-08-01

At delivery, during the unloading of commodities, agency personnel must compare the type of food and the amounts delivered to the information on the shipping invoice. Discrepancies such as shortages, overages or damaged commodities must be noted on the invoice and signed by the driver and agency representative.

The checks for damages must include inspections for rodent and insect infestation, disfigurements and discoloration. If any food received by the recipient agency that is found to be out-of-condition must be segregated from other foods. The recipient must:

1. Indicate on the receiving document the status of the out-of-condition food.
2. Contact the local health department to inspect and determine the disposition of the food.
3. Submit the USDA Food Loss Report (DCO-1840) and appropriate documentation to Commodity Distribution to report the loss of donated food. Any shortage or overage found during the check should be noted on the receiving documents.

1540 Central Freezer Checks

03-01-92

Recipient agencies must check coolers/freezers at least every other day even during vacation and holiday periods. The only allowable exception is if a recipient agency is not able to make cooler/freezer checks on weekends. In that case, checks must be made late Friday afternoon and early Monday morning.

A log for each cooler/freezer must be maintained. As a minimum, each log must contain the following information:

1. The exact date and time.
2. The recorded temperatures.
3. The signature and title of person conducting the checks.

1550 Insect, Rodent, And Other Controls

03-01-92

Air circulation is important for freezer, cooler and dry storage. Commodities should be stacked on pallets or shelves with at least four inches wall and floor clearance and two feet ceiling clearances.

Commodities should be stacked so that the foods with the oldest package dates are in front and used first. USDA commodities, unlike many commercial foods, have the package date or contract number on the case. Note: If food is taken out of the cases, the can/containers should be marked.

Stacks should not be so high as to cause bursting or crushing of the bottom layers. All commodities should be cross-stacked to keep the stack solid. Commodities should not be stacked near sources of steam or heat.

Food should be checked regularly for signs of infestation, deterioration, torn sacks and broken cartons. Foods that are in good condition and contained in torn sacks or broken cartons should be repackaged. The Health Department should be contacted if questionable foods are found. Any foods determined unfit will be destroyed by the Health Department or recipient agency based on Health Department instructions.

Storage areas and freezer/coolers should be maintained in a clean and orderly manner. Monthly extermination treatments are recommended but should be done more often if necessary. Food should be stored away from pesticides, cleaning supplies and paper products.

Foods should also be used on a first-in-first-out basis.

1560 Theft Control

03-01-92

Recipient agencies must supply secure locks on buildings in which donated foods are stored and should lock all coolers/freezers and other storage areas separately.

1570 Reporting Losses and Determination of Food Condition

03-01-92

If the loss is a result of theft, the recipient agency must have the local police investigate and the police report must accompany the USDA Food Loss Report form (DCO-1840) and a letter of circumstances surrounding the loss to Commodity Distribution.

If any recipient agency finds the condition of USDA donated foods questionable due to infestation, spoilage or damage, the recipient agency must contact the local Health Department to inspect the foods. If the Health Department determines the foods are unfit for human consumption, they will issue a report on destruction of the food. The destruction report, the USDA Food Loss Report and a letter of circumstances surrounding the loss must be sent to Commodity Distribution.

A repair or service bill or other suitable documentation that proves negligence was not involved must accompany a Food Loss Report (DCO 1840) involving freezer or refrigeration malfunctions. The recipient agency must include with the report a schedule indicating the recipient agency made the regular checks of the unit at least every other day and reported temperatures. (Refer to section 1540)

If it is determined that the loss is due to negligence by the recipient agency, or the loss is not properly documented, the recipient agency will be held liable for the loss.

1600 Claims

03-01-92

A recipient agency will be notified in writing when losses do not warrant a claim against the recipient agency. A claim is any demand or basis for a demand for payment of a lost food. The original amount of a claim is the USDA value of the food at the time of the loss. Claims may be resolved by repayment, or establishing a repayment schedule.

Repayment shall be made for all losses that result from a recipient agency's negligence in handling the food items.

1610 Processing Claims

03-01-92

- Commodity Distribution section will make a claim determination within 30 days of receipt of donated food losses reported by the recipient agency.
- Commodity Distribution shall make, or recommend to recipient agencies, appropriate changes in policies, operating instructions, regulations or agreements needed to eliminate losses.
- Commodity Distribution must pursue claims for losses valued at greater than \$100 and will pursue claims for lesser amounts that involve violation of federal or state statutes. Additionally, Commodity Distribution must transmit to the FNS Regional Office all future claims against a recipient agency whose losses exceed \$2,500 in a fiscal year or any initial loss that exceeds \$2,500.

1620 Corrective Action

03-01-92

Any agency that has a claim for lost USDA donated foods must take corrective action to prevent future losses simultaneously with the claims action.

1630 Penalties

03-01-92

Federal laws allow fines of up to \$10,000 and prison terms of up to five years for embezzlement, willful misapplication, theft or fraud in the USDA donated foods program.

1640 Policy Clarifications

03-01-92

Policy that needs clarification should be submitted in writing to Commodity Distribution. A response will be returned within thirty days.

1700 Fraud

03-01-92

When it is determined that a program recipient intentionally gave false, incorrect or incomplete information and as a result received an over issuance of donated foods, the following penalties will be imposed against the household.

1. For each month a household received donated foods under false pretenses the recipient household will be disqualified for one month. The disqualification period will be capped at six months for the first program violation and twelve months for subsequent program violations. For example: John Smith applies and receives foods at two distribution sites for five months. Program coordinator determines that Mr. Smith is receiving a double issue of foods. Mr. Smith is disqualified for five months.

AND,

2. When value of the over issuance exceeds \$200, disqualify household under above procedures. The recipient agency should forward a written detailed statement of the occurrence to Commodity Distribution for fraud investigation.

The burden of proving fraud is on the recipient agency. Each agency must document fraud cases with evidence to clearly indicate that the suspension of the household was warranted.

A separate file should be established and maintained regarding fraud cases. Documentation of fraud should be contained in both regular files and fraud files for inspection upon review of the agency's records.

1800 Appeals and Hearings

03-01-92

1810 Filing An Appeal

03-01-92

An appeal must be made in writing on form DHS-1200 or by a written statement signed by the applicant or his designated representative indicating that he wishes the opportunity to present his case to a higher authority.

When an applicant or recipient or his designated representative requests a Hearing, form DHS-1200 (Request for A Hearing) will be provided.

Requests for a Hearing returned to the Subgrantee agency are to be dated and forwarded immediately to, Administrator of Appeals and Hearings, Department of Human Services, P. O. Box 1437, Little Rock, AR 72203.

When a request for a Hearing is returned by the household directly to Appeals and Hearings of the Office of General Counsel, the Subgrantee agency serving the claimant's county of residence will be notified that a Hearing has been requested.

1811 Time Limit on Filing of Appeals

03-01-92

A claimant whose application for assistance was denied must file a request for a hearing within 30 days from the date of denial.

1812 Reason For Appeal

03-01-92

1. Application was denied.
2. Delay of application, unless the delay is due to lack of cooperation on the part of the claimant in providing necessary information so that eligibility can be established.
3. Not allowed filing an application.

1813 Representative During Appeal

03-01-92

During the appeal process, the claimant may be represented by a friend or other representative or by legal counsel. DCO will not furnish legal counsel. However, the Subgrantee agency will make every effort to refer claimants requesting legal counsel to Legal Aid or other resources within the community if the claimant so desires.

1814 Withdrawal or Abandonment of Appeal

03-01-92

A request for Hearing may be withdrawn by the claimant by completion of a DHS-1201 (Hearing Withdrawal) or a signed statement indicating the reason for the withdrawal. Withdrawals will be forwarded to the Administrator of Hearings. (Address in Section 1810).

If neither the claimant nor his designated representative appears at the time and place for the hearing, the hearing will be abandoned.

1815 Preparing for the Hearing

03-01-92

Within 7 days of being notified by Appeals and Hearings that a hearing has been requested, the Subgrantee will provide the Appeals and Hearings of the Office of General Counsel a copy of the Hearings File. This file will contain documentary evidence to support the Adverse Action the applicant appealed.

The Hearing File will include the following information:

1. A copy of the TEFAP application and any information relating to the issue at hand.
2. Information supplied by the client.

3. DHS-1203, Hearing Statement

The DHS-1203 (County Statement) summarizes the basis for the County Office's Action. It will contain the issue, as stated by the claimant and a summary of all facts and evidence supporting the Subgrantee Agency position. All statements will be in simple language. Ambiguous and technical words and phrases will be avoided.

The information contained on the DHS-1203 is not considered as evidence. Documentation must be included in the Hearing File to support the information contained on the DHS-1203.

Three copies of the DHS-1203 will be prepared. The original will be sent to the claimant, a copy sent to the Appeals and Hearings prior to the date of the hearing, and a copy retained for the case record. The Subgrantee Agency Executive Director or his designated representative will review the DHS-1203 prior to mailing.

4. List of witnesses to be subpoenaed, on behalf of the Subgrantee, by the DHS General Counsel. Subpoenas should be requested only for those witnesses that will require one to be present at the hearing. Subpoenas may not be necessary for the claimant's friends, relatives, etc., who are willing to attend without a subpoena.

The client and/or representative will be advised that he has ten days from the date of his signature on the certified mail receipt to review the Hearing File, in the Subgrantee's office, and to notify Appeals and Hearings of any individuals he wishes to be subpoenaed on his behalf. This notification will be made by form DHS-3205, prepared by the Appeals and Hearings.

Appeals and Hearings will notify the Subgrantee of any witnesses subpoenaed at the request of the claimant. The Subgrantee will notify Appeals and Hearings within five days of receiving the notice, of any additional subpoenas to be issued by DHS General Counsel for rebuttal witnesses.

1816 Notification of Time and Place of Hearing

03-01-92

The hearing will normally be held in the Subgrantee office that serves the county in which the claimant resides. It may be held in another Subgrantee office, if this is more convenient for the claimant or his family. The hearing may be held in the claimant's house or at any other reasonable location in the county if he requests it.

After the time frame has expired for subpoenaing client witness and county witnesses, the hearing will be scheduled using Form Letter DHS-3205. This letter advises the appellant of the time, date, place of the hearing and the name of the hearing officer who will conduct the hearing.

1817 Conduct of the Fair Hearing

03-01-92

The hearing will be conducted by a hearing official from Appeals and Hearings. No person, who had any part in the decision that is being appealed, may serve as the hearing officer. The claimant has the right to a representative of his choice. The worker, the Executive Director or his representative without benefit of a subpoena will represent the Subgrantee agency. The subgrantee representative will familiarize himself with the case prior to the hearing.

The hearing officer may not review the case record or other material unless such material is made available to the claimant or his representative.

The hearing will be conducted in an informal but orderly manner. The hearing officer will explain the Hearing procedure to the claimant. The Hearing Statement will be read by the Subgrantee representative. The claimant will then be allowed to present his case. He may do so by himself or with the aid of others. The claimant or his representative will be given the opportunity to have witnesses subpoenaed, advance arguments, offer additional evidence and question or refute any testimony or evidence. The claimant will be allowed to question the Subgrantee representative, confront, and cross-examine any adverse witnesses. If the claimant is unable to present his evidence in a logical manner, the hearing officer will assist him. The claimant has the right to bring an interpreter if needed. Testimony must be under oath. The hearing must be recorded and the decision based on the record. The Subgrantee representative will be given the opportunity to present additional evidence and to question the claimant, his designated representative, or witnesses. Questioning of all parties will be confined to the issue(s).

1818 Hearing Decision Time Limit

03-01-92

Definite and final administrative action must be taken within 60 days of the date the appeal was filed, unless the hearing was delayed at the request of the claimant.

1819 Reopening of Hearing

03-01-92

If there is insufficient evidence upon which a decision can be made, Appeals and Hearings will direct the hearing officer to reopen the hearing. The claimant and the Subgrantee office will be notified of the date and time that the hearing will be reconvened.

1820 Notice of Decision

03-01-92

A notice of the decision of Appeals and Hearings will be mailed to the claimant or his representative within seven days after the decision is made. Copies will be mailed to the Subgrantee and Commodity Distribution, if applicable. The notice will state the issue(s) and relevant facts brought out at the hearing, pertinent provisions of law and agency policy, and the reasoning that led to the decision. The claimant will be advised of his right to judicial review. The notice will indicate that the claimant or his representative may inspect the complete hearing record on file in the Subgrantee office within thirty days. Other persons may have access to the report at the written request of the claimant.

1821 Action of Decision

03-01-92

If the decision directs action to be taken, such action will be taken by the Subgrantee within 30 days of the date of the notice. Any corrective payment ordered will be authorized. If eligibility requirements other than the one(s) at issue, have not been established, the Subgrantee will make an immediate investigation to establish these requirements. The Executive Director or designated representative will notify the Administrator of Appeals and Hearings, in writing, as soon as the action is completed.

If for any reason the Subgrantee is prevented from complying with the decision, Appeals and Hearings will be given an explanation in writing. A copy of this notice will be sent to the claimant.

1900 Financial Audits

03-01-92

Single Audits

The Single Audits Act of 1984 requires state and local governments that receive federal funds of \$100,000 or more, during any fiscal year, to conduct a single audit for fiscal years that begin after December 31, 1984. As a result of this requirement, subrecipients or agencies that are provided federal funds of 25,000 or more in a fiscal year by state agencies, are required to conduct a single audit beginning with fiscal year 1986. Guidelines that contain the mandatory components of these audits will be issued by the Department of Human Services.

The procedures described in sections 1904 – 1918 are applicable to all TEFAP financial audits conducted prior to the single audit.

1903 Procedures for Obtaining Payment for TEFAP Single Audit

03-01-92

The single audit report will be submitted to the Department of Human Services (DHS) within 90 days following the end of the Subgrantee's fiscal year. The audit report will be submitted to the following address:

Assistant Deputy Director, Audit Section
Division of Finance
Arkansas Department of Human Services
P. O. box 1437
Little Rock, AR 72203

The following procedures will be utilized in the review and processing of payment for TEFAP single audit costs:

1. Upon receipt of the audit report, the Audit Section will notify all applicable DHS Division/Offices of the receipt. The Audit Section will review the audit report for compliance with established audit requirements.
2. If the audit meets all applicable requirements, the Audit Section will forward a copy of the audit report, along with their recommendation to Commodity Distribution.

3. If the audit does not meet all applicable requirements, the Audit Section will notify the Subgrantee and Commodity Distribution of non-acceptance of the report as submitted. Until the auditor brings the report into compliance, no audit costs may be charged to any program funded through DHS.
4. The Department of Human Services is required to maintain a copy of each agency's single audit. If your agency has been audited and the findings are in writing, please submit a copy of the audit report and your corrective action response to the department.

Audit costs should not be charged on the Statement of Expenditures until the Audit Section clears your audit.

1904 Agency Audits

03-01-92

The Audit/Fiscal Review Section of the Department of Human Services conducts financial audits of Subgrantee's implementation of the TEFAP program. Financial audits are conducted on a random basis after the conclusion of a fiscal year.

Financial audits are retrospective, comprehensive evaluations of program implementation with an emphasis on the financial aspects. The purpose of financial audits are to review TEFAP program costs as to accuracy, allowable, documentation, proper accounting methods and adherence to the TEFAP policy manual and instruction directives (TEFAP memos).

The financial audits will also serve in identifying program weaknesses in policy and procedures and in evaluating effectiveness in meeting program objectives.

The Audit/Fiscal Review Section will contact Subgrantees for the purpose of scheduling financial audit visits. Each Subgrantee has the responsibility to cooperate with the Audit/Fiscal Review Section by providing information and documentation as requested. After the audit is completed an exit conference will be held with the Subgrantee Executive Director or his/her designated representative. During the conference the auditors will advise the Subgrantee representatives of the preliminary findings of the audit and will discuss corrective measures, if applicable.

If the Executive Director disagrees with the findings, and a resolution of the disagreement is not reached during the exit conference, the agency may submit its written comments and documentation during the comment period.

1910 Processing Financial Audit Reports

03-01-92

After completing the financial audit of the Subgrantee's implementation of the TEFAP program, a draft audit report will be prepared by the Audit/Fiscal Review Section. The Audit/Fiscal Review Section will issue the draft report to the following:

1. Executive Director, Subgrantee.
2. Assistant Director, DCO, Office of Program, Planning, and Development.
3. Manager, DCO, Commodity Distribution.
4. Deputy Director, Division of Finance.

Processing of the report will be completed as follows:

- Each recipient of the draft report has 30 days to make comments about the report. This 30-day comment period will be used to resolve any errors or disagreement with the report.
- Comments concerning the findings of the draft audit report must be submitted in writing to the Audit/Fiscal Section and postmarked by the end of the comment period.
- The Audit/Fiscal Section will incorporate all comments received and its response(s) to the comment into the final audit report. The final audit report will be sent to the following:
 1. Executive Director, Subgrantee.
 2. Assistant Director, DCO, Office of Program, Planning, and Development.
 3. Manager, DCO, Commodity Distribution.
 4. Deputy Director, Division of Finance.
- If the Subgrantee disagrees with the findings of the final audit report, an appeal may be made.
- If the final audit report contains findings that require a corrective action plan by the Subgrantee, the appropriate party of the Division of Finance will send a letter to the Executive Director of the Subgrantee. The letter will request that the Executive Director submit a corrective action plan to the Division of Finance within 30 days. The letter will also request a proposal for settlement of any financial allowances be included with the plan.
- The corrective action plan will specify actions taken, or planned for completion by a specified date, in order to remedy each finding contained in the audit report. Documentation of action already completed should be included as an attachment to the plan.
- Upon receipt of the corrective action plan, the Division of Finance will submit the plan to the Manager, Commodity Distribution and Administrator, Audit/Fiscal Review Section for comments.
- The Manager, Commodity Distribution, and the Administrator of the Audit/Fiscal Review Section will have 15 days to submit comments on the plan to the Division of Finance.
- After the comment period, the Division of Finance will make the decision to approve or not approve the corrective action plan. Within 30 days of receipt of the corrective action plan, the Administrator will issue a letter to the Subgrantee Executive Director to advise of approval or disapproval of all or part of the plan. The Division of Finance will provide a copy of the letter to the Manager, Commodity Distribution, and the Administrator of the Audit/Fiscal Review Section.

- If any part of the plan is disapproved, the Division of Finance will specify the part(s) that was disapproved and request an amended plan be submitted within 10 days.
- Upon receipt of the corrective action plan, the Division of Finance will send a copy to the Manager of Commodity Distribution and the Administrator of the Audit/Fiscal Review Section for comments. The Manager of Commodity Distribution and the Administrator of the Audit/Fiscal Review Section will have 10 days to comment on the amended plan.
- After the 10-day comment period, the Division of Finance will issue a letter of approval or disapproval of the amended plan to the Executive Director of the Subgrantee agency. A copy of the letter will be sent to the Manager, Commodity Distribution, and the Administrator of the Audit/Fiscal Review Section. After approval, the Manager of Commodity Distribution will be responsible for monitoring the implementation of the plan.

1911 Appeal of Audit Findings

03-01-92

Subgrantees who disagree with part or all of the findings of a financial audit report may appeal.

1912 Time Limit on Fining Appeals

03-01-92

Subgrantees who disagree with the audit report must file a request for an appeal within 30 days from the date that the final audit report was issued.

1913 Request For Appeal

03-01-92

The request for appeal must be in writing by the Executive Director or his/her designated representative, to the Office of General Counsel, Appeals and Fair Hearings, Department of Human Services.

The request for appeal must be postmarked within 30 days from the date of issuance of the final audit report and must identify the findings, with which the Subgrantee disagrees. It will explain fully the Subgrantee's position with respect to those issues. All related information and documentation, to substantiate the Subgrantee's position, must be attached to the request.

Information and documentation not previously submitted by the Subgrantee will be accepted only if a "good faith" effort was previously made to provide such information, or if the additional information was discovered by the Subgrantee after the audit was completed.

1914 Acknowledgement of Appeal

03-01-92

Upon receipt of the request for appeal, the Office of General Counsel, Appeals and Hearings will send a letter to the Subgrantee acknowledging the request. A copy of the appeal request and the letter of acknowledgement will be sent to:

1. Manager, DCO, Commodity Distribution.
2. Deputy Director, Division of Finance.
3. Assistant Director, DCO, Office of Program, Planning, and Development.

Upon receipt of the appeal request and the letter of acknowledgement, the above sections may submit comments and/or information relevant to the appeal to the Office of General Counsel, Appeals and Hearings.

1915 Processing Appeals

03-01-92

The Office of General Counsel, Hearings Administrator, or his designee, will conduct Subgrantee Hearings. No person who had any part in the decision that is being appealed, may serve as the hearing officer. The Subgrantee has the right to a representative of his choice. The worker who reviewed the Subgrantee's Audit will represent the Audit/Fiscal Review Section.

The hearing officer may not review the case record or other material unless such material is made available to the Subgrantee representative.

The hearing will be conducted in an informal but orderly manner. The hearing officer will explain the Hearing procedure to the Subgrantee representative. The Hearing statement will be read by the Audit/Fiscal Review representative. The Subgrantee will then be allowed to present his case. He may do so by himself or with the aid of others. The Subgrantee representative will be given the opportunity to have witnesses, advance arguments, other additional evidence and to question or refute any testimony or evidence. The Subgrantee representative will be allowed to cross-examine any witnesses. If the Subgrantee representative is unable to present his evidence in a logical manner, the hearing officer will assist him. Testimony must be under oath. The hearing must be recorded and the decision based on the record. The Audit/Fiscal representative will be given the opportunity to present additional evidence and to question the Subgrantee representative or witnesses. Questioning of all parties will be confined to the issue(s).

1916 Time Limit on Appeal Decision

03-01-92

The decision on the appeal will be made in writing on each issue with the findings of fact or points of law outlined as the basis for each aspect of the appeal decision. The decision will be made and postmarked within 30 days of the date the appeal was filed unless the hearing was delayed at the request of the Subgrantee.

A copy of the decision will be sent to:

1. Manager, DCO, Commodity Distribution
2. Deputy Director, Division of Finance.

Upon receipt of the appeal, the Division of Finance will initiate resolution of the audit based on the decision.

1917 Withdrawal of Appeal

03-01-92

Withdrawal of the appeal may be requested by the Subgrantee any time during the appeal process. The request for withdrawal must be in writing by the Executive Director or his designated representative to the Administrator, Appeals and Hearings. The Administrator, Appeals and Hearings will send a copy of the request for withdrawal to Manager, Commodity Distribution, and Division of Finance.

Upon receipt of the request for withdrawal, the Division of Finance will initiate resolution of the financial audit report.

1918 Appeal to Circuit Court

03-01-92

Arkansas Statutes Section 5-713 provides Subgrantees with the right to appeal the appeal decision to the circuit court of any county in which the Subgrantee is located or does business or to the circuit court of Pulaski County. In order to request judicial review of the appeal decision, the Subgrantee must file a petition in the proper court within 30 days of receipt of the appeal.

2000 Program Termination

03-01-92

If a recipient agency ceases participation in the TEFAP program, it should notify Commodity Distribution and conduct an inventory of all USDA donated commodities in its possession. Commodity Distribution will instruct the recipient agency on transferring the commodities. The cost of transfers must be borne by the recipient agency.