

**AUTHORITY: 7 CFR, Parts 247 and 250.
CFDA: #10.565 Commodity Supplemental
Food Program
COMPLETION: REQUIRED.**

**Michigan Department of Education
Office of School Support Services
Food Distribution Unit
P.O. Box 30008, Lansing, Michigan 48909**

**Direct questions regarding
this form to (517) 373-8642.**

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP) APPLICATION/AGREEMENT

Agreement Between State Agency and CSFP Agency for Reimbursement and Receipt of Food Furnished by the United States Department of Agriculture For Fiscal Year 2016

DEFINITION OF TERMS:

In accordance with the agreement between the State of Michigan, Department of Education, and the United States Department of Agriculture, this agency hereby makes application on behalf of itself to act as distributor for foods donated by the United States Department of Agriculture, (hereinafter referred to as USDA) to the Michigan Department of Education, Food and Nutrition Program (hereinafter referred to as the State agency) for distribution to eligible recipients in a given area, and agrees to the following terms and conditions.

THE CSFP AGENCY AGREES TO:

1. Accept the responsibility for the distribution of USDA Foods donated to the State agency and to provide or cause to be provided proper facilities and arrangements for the acceptance and distribution of such foods in accordance with the following terms and requirements.
2. Serve as a distributing agent to all eligible recipients and coordinate such distribution in the geographic areas served by the Agency. Agency will provide the name and address of each certification, food distribution, and storage site under its jurisdiction.
3. Accept the responsibility for the proper management and control of all activities pertaining to the distribution of USDA Foods in a specified area and comply with all the fiscal and operational requirements prescribed by the State agency and as required by 7 CFR Parts 247 and 250. The designated Agency representatives shall be authorized to sign for USDA Foods, reports, and other documents necessary in the operation of the food distribution program, as approved by the State agency. Agency staff will attend meetings and training designated by the State agency.
4. Confine distribution of USDA Foods received from the State agency to recipients determined to be eligible in accordance with instructions issued by the State agency and Federal Regulations 7 CFR Part 247, Part 250 and FNS Food Package Instructions for CSFP. The Agency will take steps to prevent and detect dual participation as required in CFR Part 247.19. USDA Foods will be distributed to eligible recipients at the USDA suggested issuance rate and no cost to the recipient. As required by the Agricultural Act of 2014 (P.L. 113-79), women, infants, and children who applied to participate in CSFP on February 7, 2014, or later cannot be certified to participate in the program. Women, infants, and children who were certified and receiving CSFP benefits as of February 6, 2014, can continue to receive assistance until they are no longer eligible under the program rules in effect on February 6, 2014.
5. Exercise at all times procedures to prevent USDA Foods from being distributed in such manner as to encourage waste, deterioration, or misuse.
6. Assure that USDA Foods received, according to this agreement, will be used solely for the benefit of those persons served by the Agency and will not be processed commercially, or disposed of without written approval of the State agency. Under no circumstances will USDA Foods be sold or traded. The use of any USDA Foods by an ineligible recipient constitutes damage to the federal government under the law. When such irregularities are brought to the attention of the State agency, it will be necessary for the Agency to make satisfactory settlement with the State agency for the illegal use of such USDA Foods.
7. Furnish adequate personnel and proper facilities to receive, handle, and store products according to local sanitary standards, and distribute the products in accordance with instructions issued by the State agency.
8. Furnish proper storage and facilities to properly safeguard against theft, spoilage, and other losses as recommended by the State agency for all USDA Foods requested and accepted by the Agency. All

storage facilities must be licensed by the Michigan Department of Agriculture and Rural Development (MDARD). The Agency agrees to install thermometers, suitable ventilation, provide specific temperatures for USDA Foods and use all products on the basis of the First In, First Out (FIFO) inventory system. If recommended storage is not available within the Agency's own buildings, it will be permissible to remove the USDA Foods from their premises for the purpose of providing proper storage in local commercial storage facilities or with merchants who have such storage, provided the agency makes arrangements with said facilities or merchants to maintain a current record of receipts, withdrawals and balances, and be licensed by MDARD. Under no circumstances may USDA Foods be stored in private homes.

9. Furnish the State agency with an inventory of all USDA Foods on hand monthly and upon request of said State agency.
10. Make available for inspection to representatives of the State agency or the USDA at any reasonable time the USDA Foods in storage and the facilities or warehouse used in the handling and storage of these foods.
11. Assume full responsibility for demurrage or any other charges which may accrue after a truck has been placed for unloading by the delivering carrier at the point of destination as indicated on FNS 7, Destination Data for Donated Foods form. If such placement is prevented by any cause attributable to the Agency, such charges are the responsibility of said Agency. When such charges accrue by the action of the USDA, liability rests with the USDA.
12. Provide adequate protection and supervision for the unloading of a shipment at all times. In the absence of a warehouse person or watchperson, the truck is to be properly locked or resealed.
13. Receipt all shipments of USDA Foods (direct and multi-food) in the Web Based Supply Chain Management (WBSCM) system's Received Shipment Report within two business days of delivery. Any complaints regarding USDA product should be documented on the Recipient Agency Commodity Product Complaint form and submitted to the State agency within five days after receipt of the product.
14. Submit and/or maintain the following reports:
 - a. FNS-153, Monthly Report of the Commodity Supplemental Food Program **on or before the 10th of the month, following the monthly period covered by the report.** THE ENDING INVENTORY MUST BE THE ACTUAL PHYSICAL COUNT.
 - b. The Agency is responsible for maintaining the Value of Commodities Received reports and to make them available upon request.
15. Submit program costs in the Michigan Nutrition Data (MiND) system on a monthly basis to receive reimbursement for these costs. The term "miscellaneous costs" or other like terms are not allowed for identifying or defining submitted costs.
16. Maintain complete and accurate records pertaining to all transactions relating to the receipt, disposal and inventory of USDA Foods including records with respect to the receipt and disbursement of funds arising from operation of the distribution program. Such records shall be retained by the Agency for a period of three (3) years following the date of submission of the final expenditure report for the period to which the reports pertain. The Agency is responsible for any misuse of program funds. If an audit is pending, records shall be retained until the audit is resolved.
17. Maintain a written Inter-Agency Agreement when an agreement exists that allows another agency to distribute TEFAP in the CSFP agency's area of service. The agreement must identify all areas of responsibility between the two agencies.
18. Make available at any reasonable time to the State agency and/or federal representatives of the USDA for review and audit purposes, all records, including financial records and reports pertaining to the distribution of USDA Foods.
19. Assume all liability for any losses or damage to USDA Foods caused by fire, water, wind, theft, rodents, or infestation through fault or negligence; for failure to provide proper storage, care of handling while in

their warehouse, during transportation and distribution to recipients; for any Program losses caused by other agencies which have entered into agreements with the Agency and for diversion to ineligible recipients; and will reimburse the State agency upon receipt of a statement indicating the value of the USDA food, which is established through information furnished by the USDA, based on the average cost per pound.

20. Require, if necessary, recipient agencies to pay part or all of the within state costs of distribution through a system of charges assessed by the Agency, as supplied by the State agency, and subject to final approval of the USDA. The charges assessed shall be reasonable in relation to the services provided and subject to adjustment.
21. Significant changes to distribution practices, such as reducing the distribution schedule and/or doubling up the distribution of food packages, require the approval of the State agency before being implemented by the Agency.
22. Provide nutrition education as required by CSFP Regulations, 7 CFR Part 247.18, and advise participants of the importance of health care and where low-income persons can obtain such care. Submit a Nutrition Education Plan by October 1 of each fiscal year. For agencies in existence prior to March 3, 1978: to continue arrangements with health care providers for the provision of services to Program participants at the level that existed on March 2, 1978.
23. Accept the responsibility of obtaining and having knowledge of the acts, regulations, reports, provisions, and/or policies referenced in the application/agreement document.
24. Assure that at least one Agency representative be in attendance at the All Agency Staff meetings and/or trainings held by the State agency during the fiscal year.
25. Receive direct shipments from the vendor and review the Order Status Report provided by the State agency monthly. Any updates needed or any discrepancies found on this status report are to be reported to the State agency immediately for resolution.
26. Receive shipments from National Multi-Food Warehouse, monitor its inventory regularly, and submit multi-orders at least 10 working days prior to the scheduled delivery date in WBSCM.
26. Assume responsibility in reviewing its current inventory, upcoming shipments, and adhering to distribution rates before the submitting requisitions in WBSCM. The due date for requisitions will be set by the State agency once the catalog becomes available in WBSCM.

THE MICHIGAN DEPARTMENT OF EDUCATION, FOOD AND NUTRITION PROGRAM AGREES TO:

1. Provide appropriate and timely information, clarification and/or technical assistance in the following areas:
 - a. Eligibility requirements for recipients;
 - b. Distribution methods and procedures;
 - c. All amendments or information pertaining to USDA rules and regulations and the Michigan State Plan of Operation;
 - d. Financial, inventory and distribution reporting requirements;
 - e. Allowable costs;
 - f. Reimbursement procedures; and
 - g. Accounting and audit requirements/exceptions.

2. Provide advance notice of type and amount of USDA Foods which will be available for distribution by the CSFP agency and provide timely information on changes in the notices.
3. Provide reimbursement payments to the CSFP agency through the Michigan Nutrition Data (MiND) system.
4. Provide Order Status Report to the Agency on a monthly basis. Any updates or discrepancies submitted by the Agency will be resolved promptly by the State agency.
5. Inform the Agency when USDA opens the catalogs for product offerings. The due date for submitting requisitions will be set by the State agency in advance of the WBSCM deadlines.
6. Review the Agency's requisitions before being submitted in WBSCM to the USDA to ensure the Agency is in compliance with USDA regulation and policy.
7. Inform the Agency of any additions/deletions made to the requisitions. The Agency will be responsible for submitting any additional orders upon the State agency's request.

OTHER:

1. When the State agency determines that USDA Foods should be moved from one CSFP agency to another, and arrangements are made by the State agency, it is mutually agreed between the agencies involved that there will be no storage, handling, or transportation costs accrued on such foods, only as determined and agreed upon by the State agency at the time of the redonation. No USDA Foods are to be transferred without written authorization from the State agency.
2. Political Activity Prohibited: No funds, materials, property, or services made available because of this agreement will be used for any partisan political activity or to further the election or defeat of any candidate for public office.
3. Religious Activity Prohibited: There shall be no religious instruction or proselytizing as part of, or in connection with, the performance of this agreement.
4. General Provisions:
 - a. Merger or Integration: This agreement constitutes the entire agreement between the State agency and the CSFP agency with respect to the subject matter hereof and there are no other or further written or oral understanding or agreements with respect hereto.
 - b. Modification: No variation or modification of this agreement and no waiver of its provisions shall be valid unless in writing and signed by the duly authorized officers of the State agency and the CSFP agency.
 - c. Assignment of Delegation: No assignment or delegation of this agreement may be made, in whole or in part, without the written consent of the State agency or the CSFP agency;
 - d. Termination: The State agency or the CSFP agency may terminate this agreement by giving thirty days notice in writing to the other party. The State agency may cancel this agreement immediately upon receipt of evidence that the terms and conditions thereof have not been fully complied with by the CSFP agency. Subject to such notice of termination or cancellation of the agreement, the CSFP agency agrees to comply with the instructions of the State agency, either to: 1) distribute all remaining inventories of USDA Foods in accordance with the provisions of this agreement; or 2) release USDA Foods to the State agency at no cost.
5. Indemnification: Both parties shall indemnify, defend and hold harmless each other against any and all expense and liability of any kind which the parties may sustain, incur or be required to pay arising out of this agreement provided, however, that the provisions of this paragraph shall not apply to liabilities or expenses caused by, or resulting from, the acts or omissions of either party or any of their officers or employees.

6. Confidentiality: The use or disclosure of information concerning services, applicants, or recipients obtained in connection with the performance of this agreement shall be restricted to purposes directly connected with the administration of the services provided through this agreement.
7. The program applicant hereby agrees that it will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 200d et seq.), Title IX of the Education Amendments of 1972 (20 U.S. C. 1681 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.); all provisions required by the implementing regulations of the Department of Agriculture; Department of Justice Enforcement Guidelines, 28 CFR SO.3 and 42; and FNS directives and guidelines, to the effect that, no person shall, on the grounds of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied benefits of, or otherwise be subject to discrimination under any program or activity for which the program applicant receives Federal financial assistance from FNS; and hereby gives assurance that it will immediately take measures necessary to effectuate this agreement. As provided in FNS instruction 113-1, front line staff and volunteers must receive annual Civil Rights training.
8. Right to Know Act (Act 80 of 1986) – The “Right to Know Act” is intended to provide protection and information to employees who encounter hazardous substances in the workplace. The manufacturing industry must comply with requirements of labeling containers of hazardous materials; provide access to material safety data sheets, worker education, and training. Products having hazardous and/or potentially hazardous substances must be labeled accordingly.
9. Debarment and Suspension: Pursuant to 7 CFR 3019.13 and 3017, the CSFP agency is responsible for ensuring that a contractor has not been debarred and suspended according to the Excluded Parties List System (EPLS) maintained by the General Services Administration which contains the names and other information about persons ineligible to participate in federal programs.
10. Automatic Revocation of Tax Exempt Status: Pursuant to Food Distribution Policy Memorandum FD-118, TEFAP agency is responsible for checking and documenting the tax exempt status of its distribution sites to ensure that these sites do not appear on the Internal Revenue Service (IRS) Automatic Revocation of Exemption List. This list should be checked and documented periodically, but no less frequently than annually.
11. The CSFP State Plan of Operation shall be an addendum to this agreement. (Available upon request)

TERM OF AGREEMENT:

The period of this Agreement is **October 1, 2015, through September 30, 2016 and any additional periods agreed to by the State agency and the CSFP agency.**