



The Emergency Food Assistance Program

Michigan's Program Manual

THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)
MICHIGAN'S PROGRAM MANUAL

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<https://www.usda.gov/sites/default/files/documents/USDA-OASCR%20P-Complaint-Form-0508-0002-508-11-28-17Fax2Mail.pdf>

TEFAP Program Manual

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1.0 GENERAL INFORMATION

1.1 Overview

The Emergency Food Assistance Program (TEFAP) is administered at the Federal level by the Food and Nutrition Service (FNS), an agency of the United States Department of Agriculture (USDA). Federal regulations covering TEFAP may be found in 7 CFR, Part 251 and 7 CFR, Part 250.

The Michigan Department of Education (MDE), Office of Health and Nutrition Services, Food Distribution Unit, has been designated by the Governor as the state agency responsible for TEFAP. For purposes of this manual, MDE will be referred to as “office” or “MDE”. MDE is responsible for submitting the TEFAP State Plan to the USDA, as necessary. A copy of the plan is available upon request.

MDE enters into annual agreements with the Food Bank Council of Michigan, community action agencies, and non-profit entities to distribute TEFAP locally in all 83 counties. A directory of the agencies can be found on the MDE Food Distribution website www.michigan.gov/mde-fdp. For purposes of this manual, these organizations will be referred to as “agency”.

1.2 Purpose of the Manual

This manual serves as guidance to The Emergency Food Assistance Program in Michigan. Supporting USDA and MDE administrative memos and guidance are available and shared with agencies when issued and through training.

1.3 Responsibilities

MDE is responsible for the oversight of the program and to provide technical assistance in relation to the regulations and USDA guidance. The office allots administrative funds and food funding to the agencies according to their household MDE-allocation. The office helps with food ordering through Web Based Supply Chain Management (WBSCM) and ensures that orders are placed by the USDA due dates. MDE reviews agencies compliance per schedule. MDE is responsible for developing the State TEFAP Plan and creating the Program Manual. MDE conducts trainings numerous times through the year through email, virtually, and in person.

It is the responsibility of the agency to have its own updated documented policies and procedures for each of the program areas. It is the also the agency’s responsibility to train all appropriate staff and volunteers on certification, distribution procedures, Civil Rights, USDA inventory controls, and other program requirements. Contact MDE for technical assistance and resources, including required forms and templates of necessary policies, procedures, and forms.

1.4 Household Allocation

MDE assigns household numbers to each agency. This household number defines food entitlement and administrative dollars. It is the responsibility of the agency to distribute food to meet its assigned household number and to use the administrative funds according to USDA allowable costs.

1.5 TEFAP Resources

Program information can be found at both the USDA and MDE Food Distribution websites via the links below:

USDA TEFAP www.fns.usda.gov/tefap/emergency-food-assistance-program

MDE Food Distribution Programs www.michigan.gov/mde-fdp

Michigan Training Videos <https://www.youtube.com/playlist?list=PLQNV-MrTjyhIDnOwB-XdfpZqsgmi5-L04>

2.0 TEFAP ELIGIBILITY AND CERTIFICATION

2.1 Household Information Collected

- Each participant must supply his/her name, current address, the number of people living in the household and his/her means of eligibility in the program.
- All information collected is self-declared by the participant. There is no verification of any of the information provided by the participant.
- Signatures are not required.
- Information may be collected on paper or in electronic form.
- Participants may complete the information, or a staff/volunteer may document the information for the participant.
- A proxy is someone who picks up TEFAP for a participant. A proxy may provide the information of the participant and deliver the food to them.
- The participant must be able to review the eligibility determinations and the full version of the USDA nondiscrimination statement.

2.2 TEFAP Eligibility

Michigan allows for TEFAP eligibility based on the following:

- Households that meet current Michigan TEFAP income guidelines.
- Michigan uses 200% of the income poverty guidelines.
- Income guidelines are updated each year and are effective annually on May 1st.
- Participation in:
 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 - Commodity Supplemental Food Program (CSFP)
 - Food Distribution Program on Indian Reservations (FDPIR)
 - Supplemental Food Assistance Program (SNAP)
 - Households with children who receive free/reduced priced meals at their school through the National School Lunch Program (NSLP)

2.3 Residency

- Participants must reside in the geographic area service area of the agency for at least one day.
- The participant being in the area for distribution, suffices as residing in the area.
- Those who live outside of the agency's serving area may be served if the agency has enough product, but the client should be advised of the correct location for future reference.
- Residency is based on self-declaration.
- There is no verification of legal status.

2.4 Documentation

- Agencies may NOT collect income documentation from program participants.
- Agencies may NOT collect Social Security numbers as part of the TEFAP eligibility screening.

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- If the agency collects additional information for other services and/or programs, forms must identify the information as “not required for TEFAP participation” or “optional.”
 - Agencies may use the MDE TEFAP household information collection form. An agency may use its own form, or an electronic intake system as approved by MDE.
 - Participants who need assistance with reading or writing must receive full verbal documentation of the household information collection form, income guidelines and categorical eligibility determinations, and the non-discrimination statement. Staff/volunteers are required to write in the required information.
 - Individual sites must refer to their overseeing agency’s procedures for TEFAP distribution.
 - Each time a participant receives TEFAP, he/she must verify, either by completing a TEFAP eligibility document or verbally, to self-declare that they meet the program requirements.
 - In compliance with the Freedom of Information Act, section 5 U.S.C. 552. b) (4) and (6), all information obtained from clients for participation in the TEFAP programs is confidential and privileged. Unauthorized disclosure would constitute an invasion of privacy.

2.5 Certification Procedure

- The agency must have a written TEFAP eligibility certification procedure.
- It must include, but is not limited to:
 - How will the agency collect the household information?
 - What information is collected?
 - Who collects the information?
 - What happens to that information after distribution?

3.0 DISTRIBUTION SITE AND DISTRIBUTION INFORMATION

3.1 Distribution Information

- TEFAP is a program that supplements the diets of low-income populations by providing them with emergency food assistance. TEFAP is not meant to be the only source of food for clients participating in the program.
- TEFAP is a market support program. Food must be distributed in a timely manner to ensure optimal condition of the product.
- Agencies must not store more than six months' worth of inventory.
- MDE will work with agencies to ensure that TEFAP Foods are distributed expeditiously by transferring foods between agencies as needed.
- TEFAP products are for household use and/or congregate feeding sites that primarily serve households in economic need.

3.2 Distribution Sites

- Agencies must select distribution sites based upon the needs of the area, reasonable hours of operation, proximity to other distribution sites, ability to follow policies and procedures, and the ability to distribute, and if necessary, store USDA Foods.
- Sites distributing USDA foods must keep verification of current 501(c) tax exempt status on file.
- Distribution sites where the agency does not oversee distribution need to be annually reviewed to ensure they are in good standing with their tax-exempt status and do not appear on the IRS Automatic Revocation of Exemption List.
- Agencies may choose to oversee distribution at selected sites or may delegate responsibilities to the site.
- Distribution sites must ensure that hours of operation are clearly posted, all required Civil Rights guidance is followed, all TEFAP food is accounted for through inventory records, and participants' information is recorded properly.
- All TEFAP distribution sites must be open to all public.
- TEFAP use in transitional housing is treated the same as congregate feeding.
- Agencies are encouraged to refer participants to local resources which may assist the individual with obtaining identification or other needed services.

3.3 Distribution Site Agreements and Monitoring

- The agency must have an agreement with each distribution site that encompasses agency and site expectations with regards to program regulations and requirements.
- Agencies must use the MDE Site Distribution Agreement unless prior approval is received.
- The agreements are permanent, but may be terminated due to Program violations or with 30-days' notice from either party.
- The agency must review distribution sites at least once every two years to ensure compliance.
- MDE provides monitoring templates, but the agency may use its own if it contains elements of the Program.

3.4 Distribution

- Food may be pre-packed or made available to participants through a client choice procedure (shopping-style), participants may pick up food at the site, drive-thru or have it home delivered.
- With client choice, participants choose food that best suit their household.
- Non-TEFAP foods may be distributed with TEFAP.
- All sites need to have written procedures regarding their responsibilities of TEFAP distribution.
- Organizations receiving USDA commodities may not impose any eligibility requirements beyond those established herein for applications/recipients.
- Under no circumstances are recipients required to make payments in money, materials, or services for receipt of TEFAP nor can they be solicited for voluntary contributions during the distribution of TEFAP.

3.5 Distribution Records

- Persons receiving TEFAP must self-declare Program eligibility and residency.
- A log/roster must be available at each distribution site to record:
 - Name of person receiving USDA Foods
 - Address of person receiving USDA Foods
 - Number of members in the household
 - Eligibility classification of participant
- For agencies who have a pre-determined list of participants, verbal confirmation of continued eligibility is allowed at distribution.
- A proxy is someone who has officially been given permission in writing to pick up TEFAP food on behalf of another participant. A proxy may verify for a participant who is not able to come to the distribution.
- A proxy may be pre-determined or may present identification and a signed note or proxy form from the participant.
- The agency/site must be able to produce records to show which participants received food from which site which specific day.
- All records must be kept secure and confidential.
- All records pertaining to TEFAP must be kept for three years plus the current year.

3.6 Electronic Record Keeping

MDE allows for electronic record keeping, including the collection of distribution records, provided that the Agency can assure MDE that the same degree of confidence regarding accuracy of eligibility determinations results from the electronic system as from the traditional, paper-based system. Any electronic system must provide for records to be made available to Federal and State agencies conducting reviews required by Federal regulations.

3.7 Issuance Rates

TEFAP must be distributed in quantities that are valuable, equitable, and in adequate quantities. It is recommended that USDA Foods are distributed based on the size of the household, as shown below:

- 1-4 family members: 1 package
- 5-8 family members: 2 packages
- 9-12 family members: 3 packages

3.8 Use of TEFAP Foods in an Emergency

TEFAP requirements are not to be waived or modified by the site in the event of an emergency such as a natural disaster. Any variations from normal distribution must come from the Federal level and will be communicated to the Agency through MDE.

3.9 Transfer of TEFAP Foods through Programs

TEFAP foods are part of the USDA Foods program. They can be transferred between other USDA Foods programs such as National School Lunch Program (NSLP), Food Distribution Program on Indian Reservations (FDPIR) or the Summer Food Service Program (SFSP). **Before doing so, the agency must receive MDE approval.**

3.10 Distribution Site Procedures

Written procedures must be maintained for all sites and include how and when the food is delivered to the site, what security measures there are to prevent damage or theft to the food, what happens to leftover food and what procedures there are if there are more participants than available food.

Procedures must be updated as guidance and situations change. Staff and volunteers must be trained on the procedures, and they must be followed.

4.0 CIVIL RIGHTS

4.1 Civil Rights Information

TEFAP is open to all eligible persons regardless of race, color, national origin, sex (including sexual orientation and gender identity), age, or disability. These are non-political rights. Agencies must ensure that all eligible populations have access to information about the Program and distribution.

4.2 Civil Rights Training

Civil Rights training must be completed and documented annually by all staff or volunteers involved in all levels of the TEFAP distribution, or who interact with program participants. Forms of documentation include staff/volunteer signatures, completion of training documents, online certificates, meeting agenda and sign in sheets, and/or signed civil rights checklists. Training is available on the MDE website www.michigan.gov/fdp.

4.3 Limited English Proficiency Plan

Individuals whose primary language is not English and/or who have a limited ability to read, speak, write, or understand English can be limited English proficient, or "LEP." These individuals must be provided translative services with respect to a service, benefit, or encounter.

The agency must ensure that they are prepared for LEP participants at certification and distribution. Identifying LEP Persons and their language can be done through "I Speak Cards". These can be easily made available at the agency and sites. There are several online and phone translative services that the agency can use as well. Additional resources may be found at post-secondary schools, community centers or other social agencies.

Agencies must also review census records or other local demographic records to make sure that all eligible populations are receiving information about the Program and distribution.

Children will not be used to interpret program information but may be used to help with food choices. This means that children may not be used to interpret eligibility but may be used to help parents decide between canned beans or peanut butter for the family.

4.4 Faith Based Organizations

- Faith Based Organizations (FBO) may not be denied being a distribution site based on its religious affiliation.
- FBOs cannot discriminate against participants based on their religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
- FBOs must separate in time and/or location any privately funded explicitly religious activities from TEFAP-related activities.
- FBOs do not have to remove or put away any religious material or icons. However, they must not include any of these with TEFAP.

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- FBOs must visibly post a Notice of Beneficiary Rights according to USDA Memo FD-138 Written Notice and Referral Requirements for Beneficiaries Receiving TEFAP and CSFP Benefits from Religious Organizations.
 - MDE will provide a Notice for agencies to use.

4.5 Nondiscrimination Statement

- The USDA nondiscrimination statement is written in a long version and a short version.
- Both versions may be found at www.michigan.gov/fdp
- The long/complete version must be on the agency's website alongside the USDA Food Programs.
- The long version must be presented to the participant at certification and distribution.
- The nondiscrimination statement must be included on all materials that are produced about the program for public information, public education, or public distribution, i.e., flyers, distribution dates, newsletters.
- The short version may be used on outreach where it is not possible to include the long version.
- The short version is – This institution is an equal opportunity provider.

USDA Nondiscrimination Statement

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity. Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotope, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: [USDA Program Discrimination Complaint Form](#), from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted 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; or **fax:** (833) 256-1665 or (202) 690-7442; or **email:** program.intake@usda.gov This institution is an equal opportunity provider.

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4.6 And Justice for All Posters

- A current And Justice for All poster must be prominently displayed at all sites during certification and TEFAP distribution.
- Posters are available free of charge from USDA or by request to MDE.
- For vehicles making door-to-door drop deliveries at homes, complexes, and businesses, the poster does not need to be displayed.
- Drive-up services should display the poster on the building or an area where it can be seen by drive-up participants.

4.7 American Disability Act

- Sites must make appropriate accommodations for all participants.
- This includes assistance for mobility, hearing, sight, and other adaptations.
- Service animals must be allowed to accompany a participant into the site.
- Proxies must be accepted at all sites.
- More ADA information can be found at: [Americans with Disabilities Act of 1990, as amended.](#)

4.8 Civil Rights Complaints

Civil Rights complaints are to be filed at: [USDA, Office of the Assistant Secretary for Civil Rights, Discrimination Complaint Filing](#) or at any USDA office or by calling 866-632-9992 to request the complaint form.

5.0 ORDERING AND RECEIVING USDA FOODS

5.1 Ordering Overview

- Each year USDA allocates funds to MDE to purchase foods available from the USDA – Entitlement.
- MDE will allocate those funds to the agencies, who will order 100% of the TEFAP allocation in accordance with [7 CFR 251.6\(a\)6](#).
- MDE will coordinate the ordering of Bonus Foods and any other TEFAP-related foods.
- MDE will approve / consolidate / deny orders in WBSCM.

5.2 Web Based Supply Chain Management (WBSCM)

- Food is ordered through the WBSCM system.
- WBSCM provides information on what USDA Foods are available, delivery periods, and order deadlines.
- Individuals authorized to place orders must have a secure login and password for WBSCM.
- There must be two people per ordering agency trained in WBSCM ordering and receipting.
- On-line guidance to place orders for USDA Foods is available on the WBSCM website.
- MDE may also be contacted to assist with TEFAP ordering and WBSCM training.

5.3 Entitlement Ordering

- Entitlement is the annual total value of food grants USDA allots to Michigan and MDE distributes to agencies based on their assigned household number.
- Agencies must order based on their assigned household number. If an agency cannot distribute its assigned amount of food, MDE will re-assign household numbers.
- Entitlement ordering is processed on a calendar year schedule.
- Variety of products available is based on market availability and USDA contracts.
- TEFAP foods can also be used in school backpack programs, congregate feeding, and transitional housing. Products can be ordered specific to these programs.
- Agencies must carry insurance to the value of their entitlement to cover any losses of USDA Foods.

5.4 Bonus Ordering

- Bonus foods are USDA Foods made available at no additional cost or deduction from entitlement.
- There are no specific products/quantities/delivery dates as the products become available based on current market conditions.
- There are no additional administrative funds with the bonus foods.
- MDE manages the ordering of bonus foods for agencies.

5.5 Partnership Ordering

- Some TEFAP agencies partner with other agencies that manage their ordering and delivery of USDA Foods.
- Lead agencies for a partnership are required to survey their members when ordering entitlement or bonus food.
- Member agencies are required to respond to the lead agency regarding food orders in a timely manner.

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- It is recommended that all members have a say in ordering both entitlement and bonus foods for their participants.
 - Member agencies must work with their ordering lead and contracted warehouse for all ordering, delivery, and invoice issues.

5.6 Direct Shipments

- Direct shipments are deliveries of a single USDA Food item from one vendor.
- Direct shipped items are generally ordered on a quarterly basis.
- Agencies must accept, at minimum, a quarter of a truckload for a delivery. A direct shipment truck will stop at a maximum of three locations. MDE can assist in coordinating trucks into the State.
- Delivery appointments for direct shipments are made at least 24 hours in advance by a dispatcher for the trucking firm.
- Before scheduling a delivery, warehouse staff must verify that the USDA Food is being delivered to the correct location with a WBSCM generated Advanced Shipment Notification (ASN).
- Warehouse staff need to verify the shipment with the monthly order status report before accepting the delivery appointment.

5.7 Receiving Foods

- Each load must be examined for damage, evidence of poor handling, insect/rodent infestation and amount received.
- All shipments must be carefully checked.
- The shipment must be receipted in WBSCM within 2 calendar days after delivery.
- If there is an issue with the order or bad product, for most items, once you have started unloading the truck you should finish unloading it and then submit any complaints or good quantity to WBSCM through the Help Desk.
- If your agency is the last drop on a direct shipment and there is an overage (additional food on the truck beyond your order) call MDE before you sign the Bill of Lading or accept the order. MDE will provide guidance. **Do not unload a truck unless you are certain that the delivery belongs to your Agency.**

5.8 Damaged/Mishandled Food

Product damage discovered during delivery should be reported in WBSCM. Product damage hidden until pallets are dismantled or discovered as cases of food are opened must be reported to MDE. The Agency may be directed to complete and return an MDE Complaint Form. The complaint form will be used to report USDA Foods that are damaged, out-of-condition, or have a quality problem. It is important to be specific and thorough as possible and provide pictures of the damaged product.

Incidental product damage during pre-packing and/or distribution can be avoided and must be an ongoing concern to all Agencies. Food loss due to carelessness expends valuable resources and may require replacement or repayment for lost product. Pre-packing lines must be set up in a secure manner that prevents product damage. Agencies must impress on volunteers and staff the importance of handling the USDA Foods with care. The staff assigned to unloading trucks and moving inventory in the warehouse need to handle USDA Foods responsibly.

5.9 Submitting Complaints in WBSCM

Complaints need to include:

- Sales order number
- Vendor and Product number
- Description of the issue
- Digital photos if applicable
- Injury or illnesses if occurred
- Quantity of potential items
- Can report direct delivery items and multi-food delivery items

6.0 STORAGE AND WAREHOUSING

6.1 Warehousing Food

- Warehouses must be licensed by the Michigan Department of Agriculture and Rural Development.
- Storage facilities that handle, store, and distribute USDA foods must obtain all required Federal, State, and/or local health inspections and/or approvals and these must remain current.
- Current Occupational Safety and Health Administration (OSHA) standards must be followed for all warehouse activities as applicable.
- Warehouses must be secured with reliable lock systems. Electronic alarm systems are preferable.
- All food storage facilities must follow the guidance provided in the FNS Handbook 501; Chapter VII Warehousing and Inventory Control.
- Agencies must have a food safety plan, and if applicable a food defense plan.
- Agencies must have a food recall procedure.

6.2 Storage Facilities

Storage facilities must:

- Be sanitary and free from rodent, bird, insect, and animal infestation.
- Have safeguards against theft, spoilage, and other loss.
- Maintain foods at proper storage temperatures.
- Have reliable thermometers to ensure that proper temperatures are maintained. Temperature logs must be maintained on coolers and freezers.
- Have proper ventilation.
- Stack and space USDA foods in a manner that allows easy identification.

6.3 Inventory Controls

- Agencies must follow First In First Out (FIFO) principles to ensure USDA Foods are distributed well before the expiration or ‘best if used by’ dates. When planning the monthly distribution menu, use the item in each USDA Food group with the oldest pack date first; pack date takes priority over date received.
- Warehouses must complete a physical inventory of all USDA Food at the end of each month/quarter.

6.4 Out of Condition Foods

Signs of Out of Condition Foods

- Canned Foods: leaking, bulging top, bottom, or side seams, rusty or pitted interior, discolored interior, mushy content, and foul-smelling contents.
- Bagged or Boxed Foods: the package is torn exposing the food, insect infestation internally or externally, adulteration of the package inside or outside from rodents, caking or hardening of the contents.
- Spoilage.

If the unfit commodity is such that it is an immediate health or welfare hazard, the agency must report the situation immediately to MDE.

6.5 Food Recalls

When a food alert is received from the USDA, MDE will notify all agencies within 24 hours. USDA may place a commodity on hold due to inspection problems, packaging problems, or contamination.

When placed on hold, all agencies must not distribute that commodity until notified by USDA/MDE that it has been released or ordered destroyed. A claim can be assessed against any agency for destroying or using the commodity without prior approval.

7.0 LOSS OF FOOD

7.1 Loss of Food Overview

- MDE is responsible to recoup any loss of USDA food value per FNS 410-1 Rev. 2, 7 CFR 247, 250, 251.
- MDE has an established process for reporting food loss claims.
- MDE also has a comprehensive procedure to determine claims and claims actions for loss of USDA Foods.
- For losses over \$500 a reporting period or consistent higher value losses, MDE will work with the agency to replace the food or for the agency to remit payment.

7.2 Food Loss

Agencies must report food loss when:

- TEFAP foods are no longer fit for human consumption due to spoilage, contamination, infestation, or damage, or from an investigation that deems them no longer fit for human consumption.
- TEFAP foods are not stored or managed in accordance with the provisions of a contract or agreement, or with regulatory provisions or policy relating to storage and inventory management.
- TEFAP foods are stolen, willfully misapplied, obtained by fraud, or improperly distributed, or are not otherwise available for distribution to eligible recipients.

8.0 OUTREACH

8.1 Outreach Plan

- Every attempt should be made to provide information about TEFAP to all segments of the eligible population.
- The agency must use census data or other community demographic measures to ensure significant populations are being informed of the program availability and its requirements.
- General information about the program has been translated into Arabic, Chinese, Spanish, Russian, and Vietnamese. Materials are available upon request from MDE.
- Referrals should be solicited from other service agencies which also are in contact with low-income families and individuals.
- Information sent out about TEFAP, and site distribution should include TEFAP, the agency name, site address, distribution dates and times, contact information and (at least) the short version of the nondiscrimination statement.
- Information must include the USDA nondiscrimination statement.
- Agencies must provide outreach for the program.
- Sites must also have their own outreach and include specifics of the program.

8.2 Examples of Outreach Activities

- Posters and flyers placed in public transportation, social service outlets, doctors' offices, clinics, childcare centers, senior housing units, hospitals, churches, and unemployment offices.
- Staff presentations at community-based health fairs and workshops sponsored by medical clinics, religious groups, community service agencies, senior housing units, and grassroots organizations.
- Program pamphlets with information on certification and distribution sites. The pamphlet should contain the agency's address, telephone number, and hours of operation. Other useful information would include eligibility requirements, methods of food package pick-up available to participants, and types and quantities of available food.
- Automated phone call system – ROBOCALLS - to announce upcoming distribution information.
- Email systems, social media, text messaging programs

9.0 FINANCIAL MANAGEMENT

9.1 Funding Overview

- Administrative funding is given to agencies based on an assigned household number.
- TEFAP comes with two main funding streams – administrative funds and food funds.
- Food funding is entered into the WBSCM catalogues and allocated per agency based on the same household number for administrative funds.
- Administrative TEFAP funding comes to the State in three pieces, administrative funds, conversion funds, and carryover funds. Your agency does not differentiate these streams.
- Full TEFAP *Administrative funds* are not announced until Congress passes a budget or approves a spending bill.
- *Conversion funds* are a portion of food funding, that we decide as a State, (checked in the annual application) that is turned into administrative funds. That means, instead of taking that value as food, it is turned into administrative funding.
- *Carryover funds* are unspent funds returned to USDA from the previous year.
- The value of a household changes each year because of the allocation from each funding.
- MDE will provide the estimated budget for the agencies at the beginning of the fiscal year.

9.2 TEFAP Financial Review

- A review of the agency's TEFAP-related financial activities is included in the regularly scheduled Agency Review.
- The Agency must track all TEFAP revenues and expenditures separate from all other transactions. Examples include having a separate account for TEFAP, identifying all TEFAP transactions with a separate fund code, and/or using a separate ledger or subledger. Detailed General Ledgers can be created by having this separate financial tracking.
- MDE will verify these costs between the General Ledger and amounts drawn from NexSys.
- MDE will review detailed supporting documentation, such as invoices, payroll registers, and timesheets.
- MDE will review expenditures to ensure that they are reasonable, allowable, necessary for the program, and allocated properly.

9.3 Fiscal Responsibility

- Agencies are required to follow the Uniform Grant Guidance, Federal Cost Principles at 2 CFR Part 200, Subpart E – Cost Principles.
- The Agency must have written internal control procedures in place to ensure that only allowable costs are charged to TEFAP funds.
- If applicable the Agency must have a Cost Allocation Plan that clearly outlines how the Agency will handle general administration and general expenses that benefit multiple programs. If an expense has been allocated between programs as a shared cost, the Agency must keep documentation that includes clear evidence of how the cost was determined and allocated. It should show the total cost, and how much is being allocated to each program.
- If indirect costs were charged, MDE will review the calculation and methodology to ensure that overcharging indirect costs has not occurred.
- If an Agency overcharges indirect costs, they will be required to restore the overcharged amount back to the TEFAP fund.

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- Agencies who have not received a negotiated indirect cost rate with another Federal agency/entity can use the de minimis rate of 10% (maximum) to calculate their maximum allowable indirect costs. MDE does not provide negotiated indirect cost rates to Agencies. Apply the de minimis rate of 10% to the modified direct cost base. The modified direct cost base is calculated by taking total food program expenditures, excluding: all food costs and all items for resale, capital outlay, prior period adjustments, costs that benefit multiple programs that were directly charged, and purchased service amounts greater than \$25,000. To be clear, this means that Agencies can include the first \$25,000 for each purchase service vendor in the modified direct cost base. MDE has an [Indirect Cost Calculations Template](#) that is beneficial in calculating indirect costs. The template can also be found at www.michigan.gov/mde-fast. Agencies would use the tab titled “Non-Public Indirect Calculation.”
 - Agencies operating the TEFAP program must include the following in their Purchasing Policies:
 - Procurement procedures that meet the Federal requirements of Micro-Purchasing (\$10,000 threshold)
 - Procurement procedures that meet the Federal requirements for Informal Procurement (\$10,000 to \$250,000 threshold)
 - Procurement procedures that meet the Federal requirements for Formal Procurement (over \$250,000)
 - Guidelines that prohibit employees from participating in awarding purchases or contracts supported by Federal funds if a conflict of interest is involved
 - Guidelines on including positive efforts to utilize small business, minority-owned firms, and women’s business enterprises, whenever possible
 - If the Agency has spent \$750,000 or more in TEFAP funds they will be required to undergo a Single Audit. MDE will ask if the Agency had a Single Audit for TEFAP funds since the last Agency Review. If so, the Agency must ensure that they procured the auditing firm using the proper procurement process. MDE will ask the Agency if there were any issues related to TEFAP found in the Single Audit. If so, MDE will evaluate any issues/findings that were related to TEFAP.
 - An Agency must carry adequate insurance to cover the full replacement value of all USDA food inventory. MDE will request a copy of the insurance policy to view its adequacy.
 - If equipment is purchased with TEFAP funds it must be used in the TEFAP program for which it was intended. If equipment is purchased and shared between programs, the cost to TEFAP must be prorated.

9.4 Expenditures

Allowable Expenditures

Direct costs that are clearly identifiable with TEFAP are considered allowable costs. The following are examples of allowable expenses charged to TEFAP fund:

- Building Rental – office or USDA Food storage rental facilities
- Accounting – establishing and maintaining an accounting system and the cost of an independent audit
- Determining the eligibility of program applicants
- Equipment – equipment necessary to perform donated food distribution (please see Procurement section for pre-approval process)
- Materials and office supplies including but not limited to postage and printing

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- Insurance Expenses – insurance coverage for TEFAP foods
 - Compensation for Personnel – Salaries and fringe benefits for employees directly involved with TEFAP; can be direct or prorated based on duties
 - Costs associated with determinations of eligibility, verification, and documentation
 - Costs of recordkeeping, auditing, and other administrative procedures required for program participation
 - Program Outreach – advertising public outreach of distribution sites, locations, and schedules
 - Ordering, transporting, sorting, and distributing foods
 - Transportation – freight, cartage, or delivery directly associated to the handling of donated food
 - Training and Education – TEFAP in-service training and meetings of agency personnel and volunteers
 - Travel – program related travel for volunteers and staff
 - Processing – administrative funds can be used to process TEFAP foods, i.e., dry beans to canned beans
 - Utilities - the cost of utilities, pest control, and janitorial services used specifically for TEFAP, or Agency can be charged as an indirect cost

Unallowable Expenditures

The following are examples of unallowable expenses charged to the TEFAP fund:

- Costs that benefit non-TEFAP program operations
- Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or by other means)
- The cost of alteration of facilities not required specifically for the program
- Entertainment costs
- Fines and penalties
- Idle facilities and idle capacity
- Any transfers out of the TEFAP fund other than for indirect costs
- Infrastructure costs
- Contingency fees
- Land Acquisition
- Security Cameras
- Air Conditioning

9.5 Meals for Volunteers

The cost of meals served to volunteers on site is an allowable TEFAP expense, if it satisfies the criteria found in the Uniform Guidance at 2 CFR Part 200, Subpart E – Cost Principles. Agencies must ensure that the costs are:

- Reasonable (i.e., reflect the cost of an average lunch); and
- Adequately documented – An eligible recipient agency must maintain the following information on file to support its charges for this cost item:
 - Each volunteer’s name

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- Hours each volunteer worked
 - Receipts, invoices, or other evidence of the cost of providing lunches to volunteers
 - The volunteer's signature for each lunch received.

9.6 Procurement

Agencies are required to follow the MDE procurement guidance, and the procurement policies found in 2 CFR part 200.318 – General Procurement Standards and 2 CFR 200.320 – Method of Procurement, and USDA regulations 2 CFR parts 400 and 415.

- Agencies must have a purchasing policy that includes Bidding procedures that meet Federal requirements (for example, micro purchasing, \$250,000 threshold, etc.) and guidelines that prohibit employees from participating in awarding purchases or contracts supported by Federal funds if a conflict of interest is involved.
- Micro-purchasing may be used for purchases of \$10,000 or lower but cannot be used in place of applicable procurement methods that may achieve a more economical approach. The Agency must share business with qualified local vendors, follow the requirement that a purchase over the \$10,000 limit may not be broken down into multiple smaller purchases, and the Agency must consider the total cost when pursuing the micro-purchase method.
- The agency must perform an annual check of all vendors/contractors to ensure they have not been debarred or suspended according to the Excluded Party List System.
- According to 2 CFR 200.313(d) all physical items purchased with TEFAP funding must be tagged and reported to MDE. Property records must be maintained that include the following:
 - a description of the property
 - a serial number or other identification number
 - source of funding for the property (including the FAIN)
 - who holds the title
 - the acquisition date
 - the cost of the property
 - the percentage of Federal participation in the project costs
 - the location, use and condition of the property
 - any disposition data including the date of disposal and sale price of the property

A physical inventory must be reconciled at least once every two years and maintenance procedures must be developed to keep the property in good condition.

10.0 RECORD KEEPING AND REPORTS

10.1 Record Retention

All records pertaining to TEFAP must be retained for a period of three (3) years from the end of the fiscal year to which they pertain plus the current year, or until all open audits or investigations are closed and permission to destroy is received.

All reports must be submitted to MDE by the assigned due dates.

10.2 TEFAP Food Inventory Reporting

- Agencies are required to keep record of USDA food activities. This includes receipting, distribution to sites, food loss and disposal, and on hand inventory.
- Agencies must keep record of inventory provided to sites.
- MDE will conduct annual on-site inventory counts at agencies who receive food directly from USDA vendors. MDE will also conduct annual desk audits of inventory records for all TEFAP agencies.
- The inventory reviews will be done at the request of MDE.

10.3 Value Reports

- Agencies collect the value of the food they received as part of Federal grants awarded.
- Values of the food are included in WBSCM reports and MDE will assist with partner reports.

10.4 Participant Records

- Agencies must keep all participant records for each distribution site for three years plus the current year.

The distribution report is submitted through the MDE TEFAP report web-based collection site. Agency access and full instructions on its use is available directly through MDE.

10.5 Annual Agreement

- MDE provides the agencies an TEFAP agreement to sign submit prior to October 1.

10.6 Payments

- Advance payments will be made to agencies through MDE payment systems.
- Estimated budgets will be required prior to the beginning of the fiscal year.
- Final expenditure reports will be collected at the end of the fiscal year.

10.7 Reviews

- MDE conducts a review of each Agency's program at least once every four years.
- MDE conducts inventory reviews twice during the fiscal year.
- The review includes distribution on-site visits, warehouse inspection and a program and financial management evaluation.

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- Agencies are required to correct deficiencies through corrective action within a reasonable amount of time.
 - All review items are processed through the Grants Electronic Management System – GEMS.

11.0 STAFF AND VOLUNTEER TRAINING

11.1 Training Overview

- All staff and volunteers must be trained in the specific areas of their assigned TEFAP tasks.
- Pre-packers should be trained on who the products are for, the importance of including the items for nutrition, and the necessity for careful product handling.
- Site distribution volunteers must be friendly and treat clients with dignity and respect.
- Intake volunteers must only be the most experienced and trusted volunteers. Confidentiality must be maintained.
- Civil Rights training must be conducted annually for all staff and volunteers. See Civil Rights training section for full details.
- Training must be documented with subjects they are trained on, dates and signatures that they received the training.
- MDE offers training courses at www.michigan.gov/mde-fdp.

11.2 Recruiting Volunteers

Volunteers are an essential part to distributing TEFAP foods. Outreach activities may be performed to recruit volunteers. There are a variety of sources where recruiting may be successful, including, but not limited to:

- Corporate/business volunteers
- Client volunteers
- The Salvation Army
- Juvenile detention centers
- Word-of-mouth
- High school or college student groups
- Churches
- Community groups such as the Lions Club and Kiwanis
- County Sheriff's Department - they may refer individuals with community service obligations to the Agency

11.3 Staff and Volunteer Appreciation

- TEFAP staff and volunteers may not receive TEFAP foods unless they are eligible.
- The following are allowable acts of appreciation:
 - Present award certificates
 - Thank them after every distribution
 - Send written thank you letter to their organization
 - Put posters up at the sites stating the community's appreciation of their help.