



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

Food and
Nutrition
Service

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Center Drive

Alexandria, VA
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DATE: 10 OCT 2012

POLICY NO: FD-126: The Emergency Food Assistance Program (TEFAP)

SUBJECT: Review of Administrative Funds Provided to Eligible Recipient Agencies (ERA) in TEFAP

Per 7 CFR 251.10(e)(2)(i), each year TEFAP State agencies are required to review at least 25 percent of all Eligible Recipient Agencies (ERA) which have a signed agreement with the State, provided that each such agency be reviewed no less frequently than once every four years. Because State agencies are ultimately responsible for TEFAP administration, consistent with program regulations and the Federal-State agreement, such State agencies must monitor ERAs' compliance with all applicable Federal regulations and policy, including those related to financial management. This memorandum outlines the method State agencies should use to monitor ERAs' expenditures of TEFAP administrative funds.

TEFAP State agencies may only permit ERAs to use TEFAP administrative funds on allowable administrative costs, which are outlined in TEFAP regulations at 7 CFR 251.8(e)(1) and (2), and [FNS Instruction 716-3, Rev. 1](#). Examples of allowable TEFAP administrative costs include but are not limited to expenses related to the storage and transportation of food, salaries for staff who determine eligibility of participants, and supply costs, including costs associated with the publication of notices on distribution times and locations. Per 7 CFR 251.10(a)(2), State agencies must maintain records of funds paid to ERAs for allowable administrative costs incurred, and ensure that ERAs maintain such records as well.

The TEFAP State agency must ensure that ERAs which have signed agreements with the State are subjected to periodic financial reviews. It is recommended that the State agency conduct such reviews in conjunction with the ERA reviews which are required by program regulations. Reviews of financial data must include an assessment of a sample of invoices, receipts, and/or other records which support expenditure of TEFAP administrative funds by ERAs. If the State agency determines that the costs paid with TEFAP administrative funds were not allowable, the State agency must issue a claim and pursue recovery of the misused funds, in accordance with [FNS Instruction 410-1, Rev. 2](#).

Some TEFAP State agencies require ERAs to submit source documentation to the State agency when requesting reimbursement of TEFAP administrative costs. If the State

agency requires such documentation from its ERAs prior to the disbursement of TEFAP administrative funds, it may continue to use this procedure in lieu of the periodic reviews described above.

A handwritten signature in blue ink that reads "Laura Castro". The signature is written in a cursive style with a large initial "L".

Laura Castro

Director

Food Distribution Division