TEFAP

DEFINITIONS AND PROGRAM RISK ASSESSMENT – SUPPLEMENT TO NORTHERN CA TRANSPLACE STUDY

FRESH LOOK ADVISORY COMMITTEE

5.22.2020 – DEBBIE ESPINOSA, MPS, CNP

Background

- Initial project was to answer the question: “What is the Definition of a Food Bank?”
  - Criteria to be used included:
    - Feeding America
    - California Association of Food Banks
    - Other State’s TEFAP definitions for allowable contractors
- Project was to be paired as supplemental information to support findings of the Northern CA Network Study conducted by Transplace and Fresh Look Advisory Sub-Committee

Definitions: FA and CAFB

Generally, both organizations at the most basic level, define a food bank similarly. Main function is to act as the primary centralized food collection and distribution point to emergency food pantries and other emergency food organizations, which in turn distributes food to people.

- "A food bank is a non-profit organization that collects and distributes food to hunger-relief charities. Food banks act as food storage and distribution depots for smaller front line agencies; and usually do not themselves give out food directly to people struggling with hunger." - Feeding America Website https://www.feedingamerica.org/our-work/food-bank-network

- "A food bank is a 501(c)(3) charitable organization that solicits, stores, and distributes donated food. This food is then distributed to a variety of smaller partner agencies which directly serve people in need. Many food banks provide food to hundreds of member agencies in their community who would otherwise lack the means to obtain and store enough food to meet the needs of the people they serve." – CAFB Website http://www.cafoodbanks.org/food-banking-faq#What is a food bank?

State Research – TEFAP Program and Structure

Top 4 States in population were reviewed in comparison to CA

US Rank	State - # of TEFAP Contracts	Population
1	California - 49	39,512,223
2	Texas -17	28,995,881
3	Florida - 9	21,477,737
4	New York - 8	19,453,561

TEFAP Standards for each state were reviewed. Comparisons were made to CA to determine if there were significant differences in systems that could be seen as replicable best practices or items.

Overall Findings

- As suspected, because the TEFAP program is a FNS/USDA program with regulated delivery standards at the Federal Level, all states programmatic and operational standards were comparatively similar to CA.
- Major differences found were in CA State to Contracted entity structure:
  - # of Contracted entities
  - Size and scale of contracted entities
  - Affiliations of Contracted Entities to larger networks i.e. state associations and Feeding America
  - Annual Federal Single Audit Requirements and internal financial systems policies

Risk Assessment

CA TEFAP Contractors data was reviewed to determine if the CA TEFAP system, as compared to other states, yielded areas with a higher amount of risk for State of CA with how it is implemented.

Two Main Areas of Risk:

- Federal Single Audit of Scheduled Awards and Contracts
- Disproportionate deployment of monetary allocations per client

Minor Area of Concern:

- State contracts with “Food Pantries” as opposed to (Regional) “Food Bank”

Risk: Federal Single Audit of Scheduled Awards and Contracts

- Comparison States only contract with entities that have the capacity and resources to annually conduct a Federal Awards single audit using a 3rd party auditing firm. Ensures Transparency and lowers Risk for State by providing 3rd party oversite and transparency with federal funds and fiscal management policies of contractors.

Excerpt from State of WA TEFAP 2019 Manual

> If the contractor expends $750,000 or more from all federal sources during contractor's fiscal year, as determined under Part 200.501 of the Federal Award Uniform Guidance, contractor shall obtain an annual Single Audit conducted in compliance with Federal Award Uniform Guidance and the requirements of the contract. The $750,000 or more includes the value of food received from federal food programs.

- State of CA has contracts with entities whose threshold does not exceed $750k.
  - approximately $9.1M + dollars (in materials and funds) provided to CA is used without any 3rd party audits conducted to verify that the financial systems in place align with Federal Financial guidelines and policies which oversee government contracts.

Disproportionate deployment of monetary allocations

County	Total TEFAP Administrative Allocation for FFY2020 (4/1/2020)	Food Bank	people served per month	Annual Allocation per person served (Add Foodlink allocation to nondirect ship)
Amador	$114,197	Interfaith Council of Amador	4000	$28.55
Del Norte	$118,117	Rural Human Services	2000	$59.06
Los Angeles (RFB)	$3,052,128	LA Regional Food Bank	300000	$10.17
Yuba/Sutter	$210,076	Yuba Sutter Gleaners	7500	$28.01

2 Recommendations

- Implement Transplace Study / Chico Hub
  - Reduce Federal Single Audit Risk: TEFAP Contract with Chico Hub
    - Will be required to conduct single audit of Federal awards – crosses $750k threshold
    - Chico Hub will have Sub Contracts (satellite site) with non qualifying single audit entities (current TEFAP Food Banks)
      - Prevents current TEFAP Food Banks from having to spend unnecessary funds on expensive annual single audits (actual cost and staff time)
      - Prevent them from having to undergo an extensive Single Audit requirements with requiring additional staff and Financial operational policies to ensure “clean audits”.
  - Re-Balance allocations by taking the approximately $1.5M cost savings identified by Transplace and reinject back into the Direct Ship System
- Convert 1 TEFAP Agency to a Feeding America Food Bank
  - Stanislaus County – Currently the agency of the Feeding America Food Bank holds the contract (Salvation Army). Does not fall within Definition of Food Bank.

Win-Win-Win (NorCal FB's – State – Direct Ship FB's)

Nor Cal Food Banks:

- More Produce, Weekly shipments, "Just in Time" TEFAP deliveries
- Will continue to receive TEFAP funds to support administrative and ops functions
- Protects rural food bank structures from financial compliance burdens and increased financial management expenses
- Increased support on capacity development from State on what they do best – feeding communities in rural and expansive geographic regions.

Win-Win-Win (NorCal FB's – State – Direct Ship FB's)

State of CA:

- Lowers risks tied to State financial oversite and transparency of federal funds as required by Federal Government Single Audit requirements.

Direct Ship Food Banks:

- $1.5M redistributed (costs savings realized from Chico Hub efficiency) to Direct Ship food banks. Will increase administrative and ops support which increases equitable distribution of funds for all people in poverty throughout the state.

Chico Hub

A DETAILED LOOK INSIDE

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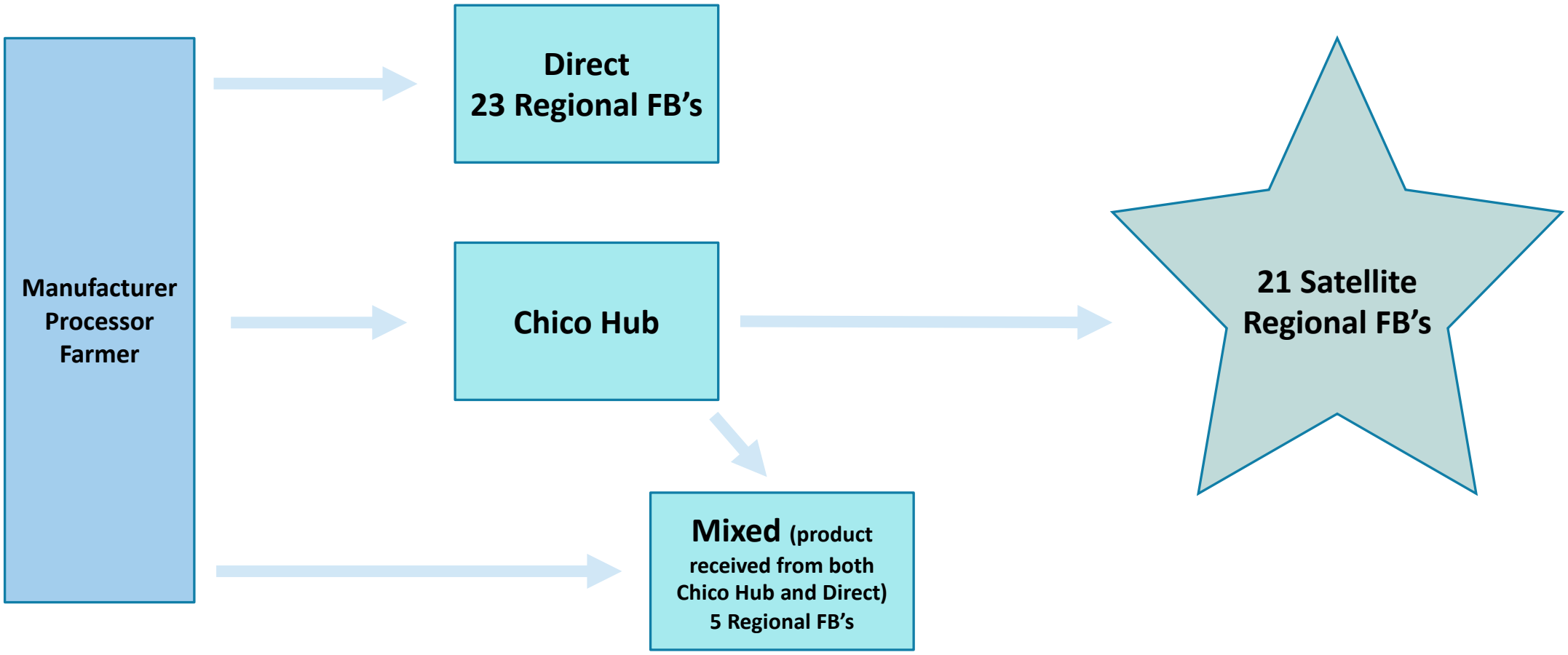
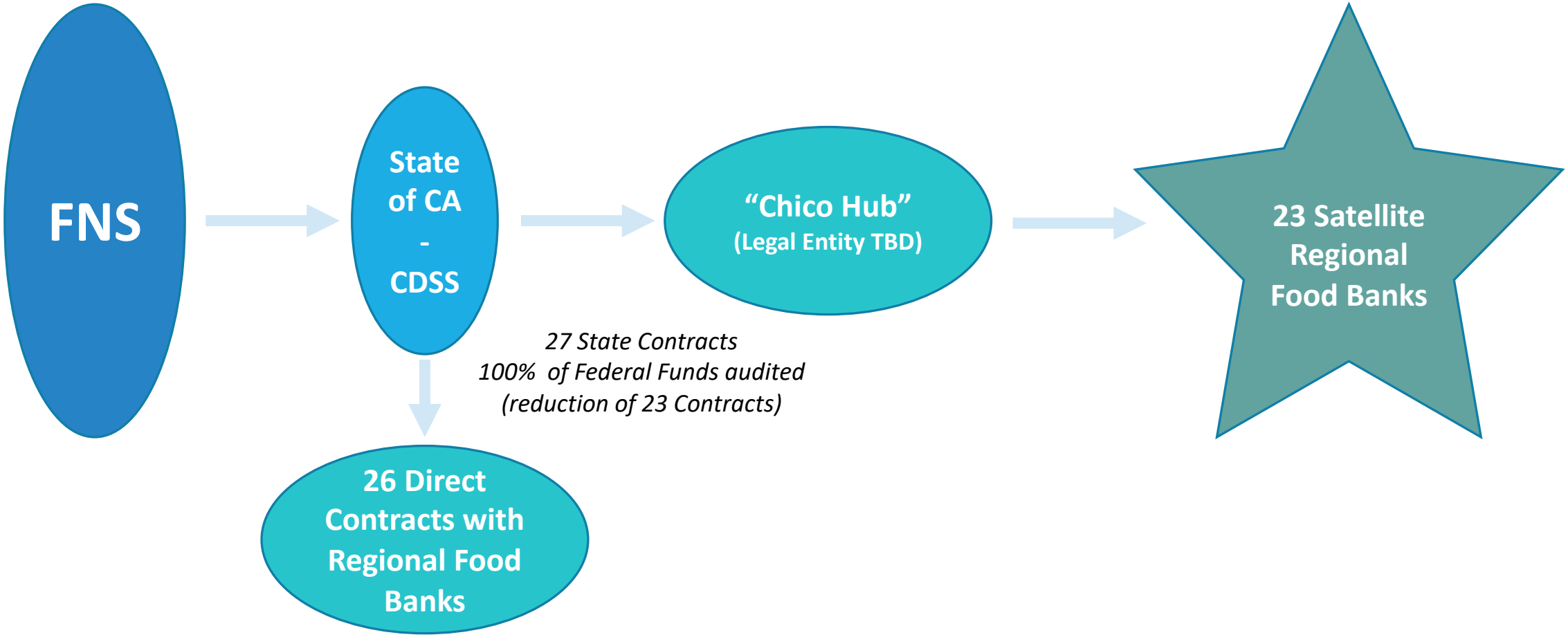
6.5.2020 – DEBBIE ESPINOSA, MPS, CNP

The Food Flow



The Contract Flow



Chico Hub – Entity Structural Options

(aka: David Goodman's Question from last mtg.)

Major Structural Components that State of CA will use to review and determine Chico Hub:

- State of CA Infrastructure Grant requirements for disbursement of funds
- Sustainability of structure
- Risk - conflicts of interest, entity structure / composition,
- State of CA precedence with contract structures and relationships (has it been tried before with positive or negative results, is it a completely new format that's never been tried before, etc.)
- Length of time to move the Chico Hub implementation forward
- Currently 4 structural options are being reviewed by the State of CA against these components

Fresh Look Advisory Committee

Progress to date and Beyond

- Accomplished: TEFAP Income Qualification Increased to 230% federal poverty to recognize State of CA cost of living adjustment
- Accomplished: TEFAP Disaster Box programs
- In Progress: Innovate Rural and Remote TEFAP system for increased effectiveness and efficiency
- In Research: Innovate Direct Ship Model to
  - increase efficiency (possible mixed shipment models)
  - TEFAP operational costs alignment (redirection of approximately $1.5M to Direct Ship reimbursement model found through Rural and Remote Innovation work)