

III. Funding

A. Describe in detail the State agency's financial management system that will provide for accurate, current and complete disclosure of the financial status of the SFMNP.

At a minimum, include the following elements:

1. procedures to ensure prompt and accurate payment of allowable and allocable costs, and to ensure that costs claimed are in accordance with A-87 (Cost Principles Applicable to Grants and Contacts with State and Local Governments) and FNS guidelines and instructions (see §249.11)(d) of SFMNP regulations on allowable and allocable costs);
2. procedures for obligating funds, including disbursing funds from the Letter of Credit;
3. description(s) of how farmers are paid;
4. claims procedures for overpayments to farmers, farmers' markets, roadside stands, CSAs, and participants; and
5. description of the time-reporting system used to distribute employee salaries and related costs, and procedures and forms for conducting time studies.

1. The Virginia Division for Aging (VDA) is a division of the VA Department for Aging and Rehabilitative Services (DARS). DARS is under the Commonwealth's Secretary of Health and Human Resources. The Commonwealth has several state-wide systems. The two main systems used by DARS Fiscal Services are:

- CARS, the Commonwealth Accounting and Reporting System, is used for financial data entry, financial inquiry and financial reporting, and
- CIPPS, the Commonwealth Integrated Payroll/Personnel System, is used for employee payroll processing and benefits administration.

The VA Department of Accounts (DOA) is the Commonwealth Agency responsible for maintaining the CARS and CIPPS systems and for providing a uniform system of accounting, financial reporting, and internal controls adequate to protect and account for the Commonwealth's financial resources. Accounting guidelines and requirements established by DOA are documented in the Commonwealth Accounting Policies and Procedures (CAPP) Manual and in yearly Financial Statement Directives and Year End Closing Procedures.

The VA Department of General Services, Division of Purchases and Supply (DPS), is the Commonwealth Agency responsible for providing guidance and training related to procuring and obtaining goods and services. DPS guidelines and requirements are documented in the Agency Procurement and Surplus Property Manual (APSPM).

DARS is required to be in compliance with the CAPP Manual, Financial Statement Directives, Year End Closing Procedures and APSPM. DARS is periodically subjected to financial, compliance and performance audits by the VA Auditor of Public Accounts (APA), DOA and DPS in order to determine compliance with Commonwealth guidelines and requirements. Audits performed during the past 5

years have not identified any major deficiencies.

DARS has an in house financial system, the Financial Reporting and Transaction Entry System (FRATE), that DARS Fiscal Services uses to enter expenditure transactions and for expenditure reporting. Transactions entered into FRATE are transmitted to CARS for processing. Payroll transactions are transmitted to CARS from CIPPS. All expenditure transactions, whether transmitted to CARS by FRATE or CIPPS or entered directly in to CARS, are available in both CARS and FRATE for reporting and inquiry purposes.

DOA requires all receipts to be deposited on the day received or no later than the next banking day and for receipts to be recorded in CARS within three business days of deposit. All receipt transactions are entered directly into CARS and are available for reporting and inquiry in CARS

Both CARS and FRATE use the same Chart of Accounts. Each federal and state program, agency unit/division and revenue source is assigned a specific account coding string using the Chart of Accounts. Every transaction (Expenditure; Revenue; Budget) entered in FRATE or CARS must be assigned an active, valid account string. CARS and FRATE reports and inquires can be generated using the entire account code string or selected codes within the string.

DARS Fiscal Services is responsible for all accounting and reporting functions; this includes Payroll, Accounts Payable, Budget, Grants, Accounts Receivable, General Accounting and Financial Reporting. The DARS General Services Unit, which reports to the DARS Fiscal Director, is responsible for purchasing and procurement.

DARS Fiscal Services has agency policies and procedures that document the business processes used to perform the various fiscal functions. The agency policies and procedures reinforce the guidelines and requirements established by DOA and DPS.

Agency policies and procedures ensure that appropriate Internal Controls are in place. Internal Controls specific to Expenditure/Accounts Payable Processing ensure that expenditures are properly approved and allowable, are processed in compliance with the Commonwealth's Prompt Payment Requirement (goods/services must be paid within 30 calendar days of receipt of invoice or good/service, whichever is later), are approved and processed using proper segregation of duties, are supported by appropriate documentation (purchase authorization, invoice, receiving report) and are coded to the appropriate account coding string.

2. DARS obligates federal program funds in its in-house financial system's (FRATE) Budget Module based on the amount awarded by the federal program. The in house system generates Budget/Expenditure Reports which allows tracking of amounts spent and outstanding, remaining balances.

SFMNP Letter of Credit (LOC) draw-downs are made directly into the

SFMNP/FMNP bank account.

USDA makes the funds authorized by the LOC available in the Federal Automated Standard Application for Payments (ASAP) system.

As funds are needed to redeem the checks submitted by participating farmers, a drawdown of cash is requested from the ASAP system.

The cash drawn from the ASAP system is electronically transferred to the Commonwealth of Virginia's Treasury. DARS processes a certificate of deposit with the Virginia Treasury, which will credit the funds held by Treasury to the account of DARS.

An electronic transfer from Treasury of the funds drawn is made to the bank account held by the SFMNP bank.

The SFMNP bank provides internet access to the account, so that it may be monitored daily for unusual transactions, bank charges, and cash needs.

Monthly, the SFMNP bank provides a reconciliation of the bank account as well as reports of payments to individual farmers.

Using these reports, program needs can be assessed and payments to only certified farmers can be ensured. Any checks not meeting federal guidelines for properly redeemed checks, to include identification of the redeeming farmer, may be paid using state funds until problems are resolved.

3. DARS-VDA contracts with a vendor who coordinates our SFMNP payment processing. The vendor assists with printing checks, payment, reconciliation, farmer and market identification and reporting, payment edits, reports and Data File and archive processed transactions.

MICR encoded checks are printed and issued to program participants. The participant purchases produce from a certified farmer. The participant pays the farmer for the produce by using the checks that have been issued.

The farmer affixes his vendor stamp to the check and either deposits the check into his local bank account or has the bank cash the check. The farmer's bank credits his account or pays the farmer. The bank clears the check through the Federal Reserve System and the bank account held by the SFMNP bank is reduced for the checks as they clear.

4. See item 3 above
5. DARS employees who work on federal programs are required to complete a weekly timesheet. The Commonwealth has an automated timesheet application Time,

Attendance and Leave that DARS employees use to record and track hours worked. The employee records hours worked each day on each federal and non-federal program, as well as hours associated with leave and holidays.

The information from the timesheet is used to create a file containing employee, hours worked by program, leave/holiday hours and payroll information. The file is used to create an accounting adjustment that transfers the employee's payroll costs to the appropriate federal programs. The adjustment is created by an automated process that calculates the employee's percentage of time worked on each federal program and uses the percentage to determine the portion of the employee's salary and benefits that are transferred to each of the federal programs.

B. Describe in detail the State agency's record keeping system per §249.23 for the SFMNP, addressing **at a minimum** the following areas:

1. financial operations
2. coupon/check/EBT card issuance and redemption
3. CSA/bulk purchase contracts and payments
4. SFMNP participation reporting, tracking staff time and other administrative expenses to ensure that Federal SFMNP funds are only used for costs which are allowable and allocable for the SFMNP

1. Cross reference to section III-A above.

2. The SFMNP checks are printed in a bound booklet. Each booklet contains eight (8) checks with a face value of \$5.00 each for a total value of \$40.00 per booklet. Check booklets are shipped directly from the contract printer to participating local agencies and stored in a secured area.

The checks in the booklets are printed on security stock paper with the cover being heavier paper stock. The outside of the booklets and each check are sequentially numbered. The local agencies issue the booklets in numerical sequence beginning with the lowest number. The following information is found on the check:

1. Participants Redemption Dates - "First and Last Dates to Spend" are preprinted.
2. Serial Number - A preprinted unique and sequential serial number is on each check.
3. Denomination - A dollar amount of \$5.00 each and "no change issued" is preprinted on each check.
4. Farmers Stamp – Each check has a place for the farmer to stamp the check with his vendor stamp to indicate that he sold the fruits and vegetables.
5. Farmers 'Submit By' Date - Last date for farmers to deposit for payment is preprinted on each check.

SFMNP signs are given to each participating farmer to identify him or her to the participants.

Once the checks are issued, participants redeem them with authorized farmers at authorized farmers' market locations. As SFMNP checks are redeemed by participants for eligible foods by authorized SFMNP farmers, the farmers stamp the checks with their unique vendor number and deposit them in the bank of their choosing. Farmers are not required by SFMNP to have bank accounts; however, we encourage this practice and many banks require farmer customers to have an account for deposit of any checks. The farmer's bank will credit the farmer's account (or pay the farmer, if permitted to have no account). The bank then transmits the check through the Federal Reserve to the bank holding the SFMNP account. SFMNP checks sent to the check processing contractor, for edits to include those meeting the properly redeemed criteria: validly issued, redeemed by an authorized farmer within proper time frames, and the check bears a valid SFMNP farmer's stamp. If checks do not have a SFMNP stamp but the farmer can be identified through an endorsement, the check may be corrected and reconciled. This will be done by the check processing contractor in consultation with DARS-VDA. All properly redeemed checks will be handled by the check processing contractor for reconciliation with the issuance data provided by DARS-VDA. DARS-VDA, using information tracked by the local agencies and the banking service, will have the capability to identify lost, stolen, expired, or unmatched checks.

3. N/A
4. Participation reporting - The check processing company provides monthly statistics, by serial number ranges for the number of checks distributed, the number issued, and the number redeemed. The report shows the range of check numbers distributed to the local agencies, and the number and dollar amount of posted items within the range. Monthly vendor reports are provided electronically. The vendor report provides the number and dollar amount of checks redeemed and returned and the net paid for each vendor. Other reports include (1) a posting summary, which details summary paid and return totals for the month, with a listing of any bank adjustments; (2) listings of returned checks, paid checks previously returned, compliance buy checks, and stop payments; (3) a listing of all items, including the status as paid or returned, and for each item the serial number, vendor number, paid dollar amount, and month paid. The whole file can be saved electronically as an audit trail.

Specific dates are established each year and printed on the checks. In general, SFMNP/FMNP checks are spent July 1 or after; must be spent at the farmer's market or roadside stand by mid-November of the program year; and must be submitted to the bank no later than November 30 of the program year.

Tracking of staff time – Cross reference to section III-A above.

NOTE: A description of the State agency's financial management system is required earlier in Section III-A above. If some of the same information has already been provided under that section, it is not necessary to duplicate that information. It may either be provided here or cross-referenced to the relevant section.

If forms have been developed to facilitate any of these functions, an example of each form, along with a brief explanation should be attached to this document.

State Agency: DARS-VDA Universal Identifier 809740541

I. FY 2016 SFMNP ESTIMATED FEDERAL BUDGET SUMMARY

1. Total Federal Funds Requested <i>(Prior Year's Total Federal Grant or Less):</i>	\$ 446,530
2. Plus: Expansion Funds requested (if any): <i>(Include expansion funds in calculation of requested funds)</i>	60,000
3. Less: Federal Administrative Funds at 10% of total:	50,653
5. Federal Foods Funds (minimum 90% of total):	\$ 455,877

II. FY 2015 SFMNP ADMINISTRATIVE BUDGET ESTIMATE

Certification	Coupon Management	Market Management	Nutrition Education	Financial Management	Total @ 10%
\$ 14,183	\$ 21,274	\$ 4,559	\$ 2,026	\$ 8,611	\$ 50,653
28 %	42 %	9 %	4 %	17 %	100 %

Certification: Eligibility determinations and outreach services.

Coupon Management: Pricing and reconciling/issuing checks, coupons and EBT cards to recipients, and instructing recipients on the purpose of the program and their proper use.

Market Management: Authorizing, training, technical assistance, marketing, and monitoring of farmers/ farmers' markets/roadside stands.

Nutrition Education: Instructing recipients on the nutritional benefits of fresh, nutritious, unprepared foods such as fruits and vegetables.

Financial Management: Preparing financial and recipient reports, issuing payments to farmers/farmers' markets and costs associated with FMNP audits.

II. FY 2016 ESTIMATED SFMNP FEDERAL CASELOAD CALCULATION

This worksheet determines the number of participants that can be supported with the Federal funds requested, and to ensure that no more than 50% of the SFMNP grant has been used for CSA programs; line 4 must not exceed one half of line 3 on this page. If benefits are not used for CSA programs, then only the first three steps below apply. Line 9, the Grand Total, includes non-CSA program caseload and CSA/bulk purchase program caseloads. Line 10 provides the percentage of the SFMNP food funds grant used only for CSA programs.

State Agency: DARS-VDA

1. Available Federal Food Funds for Check/Coupon/EBT Option (non-CSA/Bulk purchase)		\$ 455,877
2. (Divided by) Proposed Total non-CSA Check/Coupon/EBT Benefit Level (Minimum \$20, Maximum \$50) (Except for a current SA that has grandfathered in a lower benefit level)		40
3. Total Projected Check/Coupon/EBT Federal Caseload:		11396
4. Available Food Funds Remaining for Participants using CSA and/or Bulk Purchase Programs		
a. CSA		0
b. Bulk Purchase		0
5. (Divided by) Proposed Total CSA Benefit Level (May be the same as for non-CSA participants, or higher, but must be a minimum \$20, maximum \$50, and must be the same for all CSA Participants, except per §249.8 (b)).		0
6. Total Projected CSA Federal Caseload		0
7. (Divided by) Total Projected Bulk Purchase Benefit Level		0
8. Total Projected Bulk Purchase Caseload		0
9. Grand Total Projected Federal Caseload		
(Line 3) = w/o CSA or Bulk Purchase	OR	11,396
(Line 3 + Line 6) = with CSA Option	OR	
(Line 3 + Line 8) = with Bulk Purchase Option	OR	
(Line 6) = CSA Only	OR	
(Line 8) = Bulk Purchase Only	OR	
(Line 3 + Line 6 + Line 8) = with all Options		

10. Line 4, Worksheet II, divided by Line 3, Worksheet I

\$

(Federal Food Funds) multiplied by 100 (this total may not be more than 50%)

III. FY 2016 ESTIMATED SFMNP NON-FEDERAL BUDGET SOURCE OF NON-FEDERAL FUNDS

Please list the source and amount of non-Federal funds, if any, which the State agency plans to use for the SFMNP. Section 249.4(a) (4) of the Federal SFMNP regulations requires a detailed budget in the State Plan, including a description of the Federal and non-Federal funds that will be used to operate the program. This information supports whether the State agency will have sufficient resources to meet caseload and/or administrative goals beyond those supported by Federal funds.

Type	Source	Amount	Purpose
State and Local Funds		\$ 0	
Private Funds		\$ 0	
Other		\$ 0	
Total		\$ 0	