

## Tracking, Documentation and Audits for the Local Foods Incentive Grant

### Purpose

This guidance document provides additional details on the requirements for the Local Foods Incentive Grant in a non-Baseline Year (Subsequent Year). Topics covered in this document include: tracking local food purchases, required documentation of local foods, and audit expectations. As a reminder, the first year an SU/SD applies for the grant is the Baseline Year. In the Baseline Year, achieving a specific Locally Produced Foods Percentage is not required to receive a grant award. After the Baseline Year (i.e., any Subsequent Year), a Supervisory Union/School District (SU/SD) must achieve an annual Locally Produced Foods Percentage of at least 15% to receive a grant award.

A broad overview of this grant program can be found in the [Local Foods Incentive Memo](#) from November 12, 2021.

### Tracking Local Food Purchases

In Subsequent Years of the grant, the SU/SD will be required to track local food purchases in order to assure that the minimum Locally Produced Foods Percentage is met. Purchasing receipts and product documentation will be used to verify an SU/SD's Locally Produced Foods Percentage. The Vermont Agency of Education (AOE) has provided two pre-approved methods for tracking local purchases that schools may use. If an SU/SD wishes to use an alternative tracking method, it is recommended that the method be pre-approved by the AOE.

SU/SDs should keep all locally produced food receipts and distributor reports on file in case of an audit. Receipts do not need to be scanned or uploaded online, but they should be easily retrievable (e.g., stored in a filing cabinet and organized by date). If an SU/SD uses distributor reports for tracking food purchases, the reports will need to be included in the grant application.

### Method 1: Uniform Chart of Accounts (UCOA)

SU/SDs may use the Uniform Chart of Accounts to track local purchases. The AOE foresees this to be the easiest option for schools that already track purchases and code invoices using the UCOA. SU/SDs using this method should use the following Object and Function codes:

#### Object Codes

Object Code 639: Qualifying locally produced foods.



Object Code 638: All milk purchases. This will make it easy to remove all milk purchases from the total food budget, ensuring that they do not negatively impact the locally produced foods percentage.

Object Code 631: All foods that are not locally produced or milk.

### **Function Codes**

Function Code 3100: All program food expenditures should use this function code.

Function Codes 3121-3129: All non-program program foods should use this function code series. This will make it easy to remove all non-program food expenses from the total food budget, ensuring that they do not negatively impact the locally produced foods percentage. Details on the specific codes are as follows:

3121	Non-program food other
3122	Items purchased specifically for Adult Meals
3123	Catering
3124	A la cart sales
3125	Vending machines
3126-3129	Non-Program Food- local use

### **Method 2: Excel-based tracking**

SU/SDs may also choose to use an Excel-based tracking method. [A pre-approved template](#) is available on VT FEED's website. Detailed instructions on how to use the Excel tracker are included in the document itself.

There are three types of records that may be entered into the Excel tracker:

#### **Individual Items**

If purchasing a large quantity of a single item at one time (e.g., maple syrup for the school year), you may wish to enter that single item transaction into the tracker. You would then enter the requested information in each following column.

#### **Invoice**

If you make a purchase from a farm or distributor with multiple VT Local items included, you may enter the total value of all eligible VT Local products from the invoice into a single line in the tracker. When doing this, do your best to provide an overview of the products purchased in Column F "Product/Item Description".

*Example: apples, cucumbers, yogurt, and granola*

#### **Distributor Report**

Some distributors can pull a report of all VT Local purchases made during a school year. If using a VT Local report, a single entry for the sum total of all VT Local purchases made during the school year may be entered into the Excel tracker.

When entering data from a distributor report, please choose the “Report” option in column A of the tracker<sup>1</sup>. For the Invoice Number and Date columns (B and C), enter “report”. Choose the corresponding distributor for column D and enter the total dollar value amount in column G. You may leave column F blank.

SU/SDs must submit distributor reports, in addition to the Excel tracker, with a Subsequent Year application for the Local Foods Incentive Grant.

**Important consideration:** It is the responsibility of the SU/SD to review the distributor report for accuracy. If products are included in the grant application that the SU/SD does not have VT Local documentation for the SU/SD risks their application being rejected.

## Non-Program Food Purchases

Non-program food purchases (e.g., a la carte, catering) should be excluded from all aspects of tracking for this grant. For SU/SDs tracking using Method 1: UCOA, non-program foods should be excluded using the function codes listed above.

For SU/SDs tracking using Method 2: Excel Tracker and reporting some purchases using distributor reports, a methodology should exist for excluding non-program foods. This could be a separate purchasing account for non-program foods or working with the distributor to exclude non-program food purchases from the report.

During an audit, if it’s unclear if non-program foods were excluded, the AOE may request documentation on how the SU/SD excluded non-program foods.

## Product Documentation for VT Local Foods

For all foods that a SU/SD reports as VT Local in their grant application, product documentation requirements must be met. There are several ways to demonstrate that a product is VT Local; only one is required.

For **Raw Agricultural Products**, an indication of origin on an invoice is enough to meet documentation requirements (e.g., Apples-Macintosh-VT).

For **Processed Foods** and **Unique Food Products**, the SU/SD must have one of the following forms of documentation (either of these may also be used to document Raw Agricultural Products):

1. Our partners at VT FEED will maintain a [working list of products that qualify as VT Local](#) offered by major distributors. If a product is on that list, SU/SDs can note that in their records and no further documentation will be required. During an audit, the SU/SD will indicate which of the products being reviewed are included in the VT FEED product list.

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<sup>1</sup> As of the publication of this document, “Report” was not an option for column A in the tracker. For SU/SDs using this version of the tracker, select the “Invoice” option and enter in “report” under columns B and C.

2. If the product is NOT on VT FEED's list, a **producer attestation** must be obtained to document that a product is a VT Local Food. The producer attestation must have the following components:
  - a. Be on company letterhead
  - b. Clearly state the specific product(s)
  - c. Clearly state under which product category the product(s) qualify as VT Local (Raw Agricultural Product, Processed Foods, Unique Food Product)
  - d. For Processed Foods and Unique Food Products, clearly state under which criteria the product(s) meet the VT Local definition
  - e. Specify the School Year during which the attestation is valid

The AOE does not have a required template for producer attestations. Any document that contains the components listed above will be accepted. Letters of attestation templates are available on the [VT FEED website](#).

The AOE recommends that SU/SDs keep documentation on file for products that will be reported as VT Local Foods. This will ensure that in the case of an audit, the SU/SD is able to provide the required documentation within the audit timeframe.

### **VT Local Definition and SU/SD Responsibilities**

The VT Local definition and explanation can be found in the [Local Foods Incentive Memo](#), on the [Determining Local Products flyer](#) from the Agency of Ag, and in the [Vermont's New Local Food Definition document](#).

Ultimately, it is the responsibility of the producer to know whether their product qualifies as VT Local. If the SU/SD is provided with a producer attestation that meets the requirements laid out above, the SU/SD has met their obligation. SU/SDs are not expected to contest producer attestations nor be responsible for determining whether a product qualifies as VT Local.

It is the responsibility of the SU/SD to have a working knowledge of the VT Local definition. Primarily, an understanding of the definition is required so that an SU/SD can identify foods that are not Raw Agricultural Products and therefore would need to meet documentation requirements through [VT FEED's VT Local Foods List](#) or through the SU/SD obtaining a producer attestation.

### **Audit Expectations for Subsequent Year Grants**

SU/SDs applying for a Subsequent Year grant may be selected for audit. The purpose of the audit will be to ensure that the purchasing numbers reported by the SU/SD are accurate and that VT Local foods have proper documentation.

### **Audit Selection Criteria**

The following criteria will be considered when selecting SU/SD applications to audit:

- 1) Any SU that has been designated high risk by the Agency's risk assessment.
- 2) Previous audit record: SU/SDs that had findings in previous audits.

- 3) Time since last audit: SU/SDs that have not recently been audited.

### **Audit Timeline**

Audits will take place between the application deadline and the disbursement of funds. SU/SDs will have 15 days to provide receipts and documentation when requested. The entire audit process could take up to 45 days.

### **Audit Process**

Following is a rough outline of how an audit will be conducted by the AOE:

1. Select the SU/SDs to be reviewed this year.
2. Review Expenditure Report for the Food Service Fund/Excel Tracker to ensure monthly numbers add up to the total food budget. Distributor reports will also be reviewed at this point.
3. Pick a month at random and request five invoices that include local purchases from that month. Send Audit Notification email with invoice and product documentation requests to the Food Coordinator.
4. On each of the five invoices, confirm that the purchase totals are accurate and that the items have proper product documentation to verify that they are VT local products.
5. **Escalation:** If there are any findings in the initial pool of invoices, an additional five invoices and accompanying product documentation will be requested.
6. Send follow up communications and Corrective Action Plan (CAP) requirements as needed.

### **Audit Findings**

During an audit, there are two general finding categories:

- 1) Missing receipts/documentation
- 2) Mistakes and/or falsehoods in reporting purchasing totals

SU/SDs will not be penalized if a product is later found to not qualify as VT Local as long as the SU/SD obtained a producer attestation.

### **Corrective Action and Grant Disqualification**

All SU/SDs with any number of findings will be required to develop a Corrective Action Plan (CAP) that addresses the problems raised in the audit.

For SU/SDs with three or fewer findings based on the ten invoices reviewed, the SU/SD will be required to develop a CAP to address the findings in the current grant reporting process. The SU/SD will not be disqualified from receiving grant funds but will be flagged as a priority for audits in future years.

For SU/SDs with four or more findings based on the ten invoices reviewed, the SU/SD will be ineligible for a grant award. In order to participate in the grant program in future years, the SU/SD will be required to develop and implement a CAP.

Additionally, SU/SDs deemed (by the AOE Child Nutrition Programs team) to be intentionally reporting false data will be ineligible for a grant award regardless of the number of findings. The SU/SD will be required to develop and implement a CAP.

Finally, if an item that made up a large portion of the SU/SD's local purchasing lacks documentation, the SU/SD may be ineligible for a grant award.

## **Questions**

Questions regarding the Local Foods Incentive Grant may be directed to Conor Floyd, Child Nutrition Grant Programs Manager, at [conor.floyd@vermont.gov](mailto:conor.floyd@vermont.gov)