

## **LOCAL RECIPIENT ORGANIZATION'S RESPONSIBILITIES (LRO)**

See Financial Terms and Conditions, pages 28-31 for additional requirements.

The National Board assigns each jurisdiction an ID # this program as well as numbers for each LRO whether new or previously funded. When contacting the National Board for assistance regarding this program, please reference your LRO ID # which is your Local Board's ID # plus your LRO # (example: 1234-56-789).

**Criteria for LROs** For a local agency to be eligible for funding it must:

- Be nonprofit or an agency of government;
- Not be debarred or suspended from receiving Federal funding;
- Have a checking account. (Cash payments are not allowed.);
- Have an accounting system or fiscal agent approved by the Local Board;
- Have a Federal Employer Identification Number (FEIN), (Note: contact local IRS office for more information on securing FEIN and the necessary form [SS-4] or go to the web site: [www.irs.gov](http://www.irs.gov));
- Have a Dun & Bradstreet (D&B) number (DUNS number) (Local Boards can provide information on how to obtain.)
- Conduct an independent annual audit if receiving \$50,000 or more in EFSP funds; conduct an annual review if receiving \$25,000 to \$49,999 in EFSP funds. See Annex 2 pages 53-54.
- Be providing services and using other agency resources in the area in which they are seeking funding;
- Practice nondiscrimination (those agencies with a religious affiliation wishing to participate in the program must not refuse services to an applicant based on religion or require attendance at religious services as a condition of assistance, nor will such groups engage in any religious proselytizing in any program receiving EFSP funds;
- Have a voluntary board if private, not-for-profit; and,
- To the extent practicable, involve homeless individuals and families, through employment, volunteer programs, etc., in

providing emergency food and shelter services.

**Each LRO must certify in writing to the Local Board that it has read, understands, and agrees to abide by the EFSP Responsibilities Manual including the LRO Responsibilities section, Financial Terms and Conditions, Program Costs (eligible and ineligible), and Required Documentation. See Annexes 8 and 9 (pages 69 and 70).**

**If after reading the LRO Certification Form, the agency determines that it cannot abide by the EFSP guidelines, they must notify their Local Board immediately and not incur any costs or charge any expenses against this grant and return any funds received.**

***LRO Disaster  
Recovery Plan***

LROs should have a disaster recovery plan that ensures continuity of eligible services under EFSP and records retention. Each LRO is required to retain EFSP records for a period of three years. Records that should be retained include LRO application and approval of application from Local Board, documentation of any reallocations approved by the Local Board, waivers granted by the National Board, and all expenditure documentation for expenses charged to the EFSP. LROs need also retain documentation regarding all compliance problems including those outside the retention period until the problem is solved. Specific information on documentation is provided in the cost eligibility section of this manual. LROs are encouraged to visit the website for business continuity for the U. S. Department of Homeland Security at [www.ready.gov/business/index.html](http://www.ready.gov/business/index.html).

Reference page 28 item 5 and Annex 2 (pages 53-54).

***LRO/vendor  
relationships***

An LRO may not operate as a vendor for itself or other LROs. Purchases may not be made from or checks written to other LROs except for the shared maintenance fee of food banks.

Local agencies selected for funding must:

***Knowledge of  
requirements***

1. Maintain records according to guidelines set forth in this manual. Consult your Local Board chair/staff on matters requiring interpretation or clarification **prior to** incurring an expense or entering into a contract. **It is important to have a thorough understanding of these guidelines to avoid ineligible expenditures and consequent repayment of funds.** Questions that LROs are unsure of may be directed first to Local Board chairs or staff. National Board staff must be contacted to answer those

questions that cannot be answered by the Local Board chair or staff.

**Use of funds**

2. Provide services within the intent of the program. Funds are to be used on an ongoing basis to supplement and extend food and shelter services, not as a substitute for other program funds or to start new programs. Funds are not to be held or reserved for future use but spent on an as needed basis to supplement and extend existing services. Agencies must have a program in the category for which they are seeking funding. All funds awarded an LRO must provide for services within the jurisdiction's spending period. See pages 34-49 for eligible program costs.

**Bank accounts/  
documentation/  
interest income**

3. Deposit EFSP funds in a checking account in a Federally insured bank. The National Board does not require funds to be placed in a separate bank account. LROs must maintain proper documentation for all expenditures under this program according to the guidelines. LROs' expenditures and documentation will be subject to review for program compliance by the Local Board, National Board and Federal authorities. Maintain records for a three-year period after phase end unless there is an outstanding compliance problem. (See page 53). Any interest income must be used for eligible program expenditures, not administrative expenses. If EFSP funds are placed in an interest-earning account with other LRO funds, interest must be prorated/calculated for the EFSP grant. **LROs that have unspent funds of \$5.00 or more must return the entire unspent amount to the National Board. (Do not send back unspent funds of less than \$4.99.)**

LROs are required to notify the National Board in writing of any changes in their bank account for EFT purposes. This includes changes such as the closure of bank accounts, opening new bank accounts, and mergers of financial institutions. The EFT authorization form must be used for initial sign-ups and any changes. This form may be printed from the web site ([www.efsp.unitedway.org](http://www.efsp.unitedway.org)) "LB and LRO Information" section. You may also contact the National Board staff at (703) 706-9660 for the preprinted authorization form. Copies, faxes, or emails cannot be accepted for EFT processing. For EFT processing, an original LRO voided blank check and form are accepted by mail only no later than June 30, 2010. **EFT ENROLLMENTS CANNOT BE ACCEPTED IN ANY OTHER FORMAT.** Failure to notify the

National Board of bank account changes will delay the receipt of funds.

- Payment to vendor** 4. Pay for all eligible program expenses by LRO check payable to the vendor, LRO vendor issued credit card (i.e., Sam’s Club, other store/vendor issued credit card), LRO debit card, or electronic payment from LRO’s bank account. This program does not allow the reimbursement of staff/volunteers, other LROs or any party other than the vendor of services. Cash payments are ineligible. The National Board will not consider waivers of this program requirement. (Credit cards not issued by the vendor, [i.e., American Express, Master Card, Visa] are not allowed as they are not vendor issued.)

**Note:** A fiscal agent/fiscal conduit must pay the vendor directly with an approved form of payment and may not reimburse other agencies for which they are serving as the fiscal agent/fiscal conduit.

- LRO reporting** 5. Submit reports to the Local Board by their due date. The National Board includes interim report/second payment request forms with each LRO's first payment. When the LRO is ready to request its second payment it must complete and sign this form and forward to the Local Board chair for review and approval by July 31, 2010. The Local Board chair must sign the report and forward it to the National Board no later than August 15, 2010. This form may be printed from the “LB and LRO Information” section of the EFSP web site: [www.efsp.unitedway.org](http://www.efsp.unitedway.org).

**Final report** All LROs must complete the final report form provided to them by the Local Board, return the original and **two** copies to the Local Board, including **one** copy of documentation, if requested. A copy of the LRO report and documentation must be retained by the LRO for their records. The final LRO report is due to the Local Board 30 days after the jurisdiction’s end-of-program date. LROs receiving Phase 28 awards from more than one jurisdiction must keep and submit documentation for each **separately when requested.**

LROs receiving Phase 28 SSA awards in addition to a regular award in a single jurisdiction must consider the two awards as though they were one and combine the documentation.

**Program  
compliance  
resolution**

6. Work with the Local Board to quickly clear up any problems related to compliance exception(s) at the end of the program.

Failure of an LRO to comply with the National Board's reporting requirements will result in funds being withheld. The National Board will hold funds until all reporting requirements have been satisfied. If an LRO does not comply in a timely manner to compliance issues, the Local Board or National Board may reclaim and reallocate the funds being withheld. The deadline for reallocation of funds is.

**Note: Any LRO receiving funds from multiple jurisdictions with a compliance exception in any single jurisdiction from any prior phase will be subject to all funds being withheld. That is, all funds allocated to that LRO from all jurisdictions will be withheld until all problems have been resolved.**

**Lobbying  
prohibition and  
reporting  
requirements**

7. Comply with lobbying requirements. Lobbying is not permitted with EFSP funds. Any LRO receiving more than \$100,000 in EFSP funds is required to submit: 1) a certification that EFSP funds will not be used for lobbying activities; and 2) a disclosure of lobbying activities (if applicable). See Annex 11 (page 73) for the certification and disclosure form. This form may be printed from the EFSP manual or web site ([www.efsp.unitedway.org](http://www.efsp.unitedway.org)) "LB and LRO Information" section. These forms must be submitted prior to payment of funds.

**Annual audit  
requirements**

8. Comply with audit requirements. For LROs receiving \$50,000 or more in EFSP funding, the National Board requires an independent annual audit in accordance with Government Auditing Standards. For LROs receiving from \$25,000 to \$49,999, the National Board requires an annual review. For newly funded LROs or LROs funded above the amount requiring an audit or review for the first time, the LRO will be eligible to receive funds if it arranges for the audit or review of funds to coincide with the next scheduled annual audit or annual review of its financial affairs. See Annex 2 (page 53-54).

The National Board will accept an LRO's national/regional annual audit if the following conditions are met:

- LRO is truly a subsidiary of the national organization (i.e., shares a single Federal tax exemption).

- The LRO is audited by the national/regional office internal auditors or other person designated by the national/regional office AND the national/regional office is audited by an independent certified public accountant or public accountant or accounting firm, which includes the national/regional organization's review of the LRO in a larger audit review.
- A copy of the local audit review along with a copy of the independent audit of the national/regional office will be made available to the National Board upon request.

**A-133 audits**

Any agency expending \$500,000 or more in Federal funds must comply with Circular A-133 of the U.S. Office of Management and Budget Item 7 (page 30). **Note: A copy of this report must be forwarded to the National Board annually along with the regular audit.**

Audits of units of government shall be made annually unless state or local government had, by January 1, 1987, a constitutional or statutory requirement for less frequent audits. EFSP funds must be clearly identified by ID # in the audit/review and Schedule of Federal Awards.

**Technical assistance**

9. Contact the Local Board regarding technical assistance, interpretation of guidelines and resources from other Federal programs as Local Boards are responsible for training and technical assistance to LROs. (See page 15).

**Reallocation of funds**

10. Cooperate and comply with Local Board reallocation decisions. Local Boards may reallocate funds at their discretion during the current phase. Annex 10 (page 71).

**Fiscal agent/  
fiscal conduit**

For National Board purposes, a fiscal agent is an LRO that maintains all EFSP financial records for another agency. A fiscal conduit is an LRO that maintains all EFSP financial records on behalf of two or more other agencies under a single grant.

If any one LRO in a jurisdiction is making bulk purchases for other agencies not funded directly, it must serve as a fiscal conduit and follow all rules noted in this section.

The fiscal agent/fiscal conduit is the LRO responsible for the receipt of funds, disbursement of funds to vendors, documentation of funds received and maintenance of documentation. The fiscal agent/fiscal

conduit must meet all of the requirements of an LRO. Only the fiscal agent/fiscal conduit may pay the vendors, not reimburse other agencies for which they are serving as their fiscal agent/fiscal conduit.

Local Boards may wish to use a fiscal agent/fiscal conduit when they desire to fund an agency that does not have an adequate accounting system but still meets all other criteria. The Local Board may authorize funds to be channeled through another agency that has been designated as the fiscal agent/fiscal conduit. Fiscal agents/fiscal conduits will be held accountable for compliance with program requirements. Any agency being supported through a fiscal agent/fiscal conduit must have its own Federal Employee Identification Number (FEIN). (IRS form [SS-4]) on web site [www.IRS.gov](http://www.IRS.gov). Agencies funded under a fiscal agent/fiscal conduit must also have or obtain a Dun & Bradstreet number (DUNS). This number is obtained from [www.grants.gov](http://www.grants.gov).

***May fiscal agents/  
fiscal conduits  
issue payments***

Fiscal agents/fiscal conduits **must issue their payments for LRO expenditures to vendors only by an approved method of payment.** They may not issue payments to the agencies on whose behalf they are acting or to agencies/sites under their “umbrella”. The exception to this is when an LRO is using the per diem allowance for mass shelter or the per meal allowance for served meals. **Only fiscal agents/fiscal conduits may pay the vendors, not reimburse other agencies for which they are serving as their fiscal agent/fiscal conduit.**

***What criteria must  
the agency  
benefiting meet***

Any agency benefiting from funds received by a fiscal agent/fiscal conduit must meet all of the criteria to be an LRO except the accounting system and annual audit requirements and must sign the Fiscal Agent/Fiscal Conduit Relationship Certification Form see Annex 9 (page 70). **For tracking purposes, all agencies funded through fiscal agents or fiscal conduits must provide an FEIN number and a DUNS number.**