

**10.185 LOCAL FOOD FOR SCHOOLS COOPERATIVE AGREEMENT PROGRAM**

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**State Project/Program: LOCAL FOOD FOR SCHOOLS PROGRAM (LFS)**

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**United States Department of Agriculture**

**Federal Authorization:** 5(c) of the Commodity Credit Corporation Charter Act (15 USC 714c(c))

**State Authorization:**

**North Carolina Department of Agriculture and Consumer Services**

**Food Distribution Division**

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

**Auditors may request documentation of monitoring visits by the State Agencies.**

This compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

## LOCAL FOOD FOR SCHOOLS PROGRAM (LFS)

### I. PROGRAM OBJECTIVES

To increase purchasing of local and regional foods for distribution to the schools.

### II. PROGRAM PROCEDURES

NCDA&CS FDD receives the funds from USDA and has received permission to provide advance funding in one or two payments to participating North Carolina Schools who completed a grant contract. The number of payments to be received will be based on the amount of the award.

### III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements (Types) for this federal program identified by either the federal or State agency with a "Y" that are subject to the audit. The auditor must determine if the Type noted by "Y" has a direct and material effect on the federal program for the auditee. If the Type is determined to be subject to audit, the auditor must use the OMB 2026 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

If the State determines that the federal requirement does not require testing at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. Auditors are not expected to test requirements that have been noted with an "N."

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	N	Y	Y	N	Y	N	Y

#### A. Activities Allowed or Unallowed

Schools must purchase minimally processed foods from local farmers, small businesses, and/or the *NCDA&CS Farm to School Program*. The *NCDA&CS Farm to School Program* distributes food to the county schools; they must purchase from these special farmers.

#### B. Allowable Costs/Cost Principles

Schools are allowed to use funds for food purchases, distributions, and storage costs.

#### C. Cash Management

Not applicable

#### D. Reserve

Not applicable

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E. Eligibility

Must be a North Carolina School, have a current contract with the NCDA&CS FDD, and be participating in the National School Lunch Program (NSLP)

F. Equipment and Real Property Management

Not Applicable

G. Matching, Level of Effort, Earmarking

Not Applicable

H. Period of Performance

January 1, 2025 to March 31, 2026

I. Procurement and Suspension and Debarment

All Federal and State of NC rules and regulations must be followed.

J. Program Income

Not Applicable

K. Reserve

Not Applicable

L. Reporting

Quarterly expense reporting is required and must include a detailed list of foods purchased along with the supporting documentation (receipts, name of farmer/business, socially disadvantaged farmer, small farm, small business, etc.)

M. Subrecipient Monitoring

Not Applicable

N. Special Tests and Provisions

A local farmer is a socially disadvantaged farmer as defined by USDA. A small farm is one with a gross cash farm income of under \$25,000. Small businesses are one with 500 or less employees. Local Food purchased should be within a 400-mile radius or within the state of NC. Farmers must be GAP certified.