

FINANCIAL POLICIES AND PROCEDURES FOR FARMERS MARKETS

The Farm to Family Program (F2F) is administered by the Economic Services Division (ESD) of the Vermont Department for Children and Families. ESD wants program operations to be as smooth and affordable as possible for everyone and welcomes suggestions regarding these policies and procedures.

1. Coupon and Financial Management

- a) Farm to Family makes payments only to farmers' markets or their sponsoring organizations, not to individuals. The payments are not income for the market. They are reimbursements for payments the market made to its F2F enrolled vendors for F2F coupons the vendors accepted at the market.
- b) A farmers' market may only participate in F2F if the market or its sponsoring organization has a bank account into which program payments may be deposited. ESD does not recommend having an account dedicated exclusively to F2F transactions. **The bank account and address the market uses for F2F payments must remain active and unchanged from May through December 31 to assure that all F2F payments and documents are deliverable and timely. The Postal Service does not forward mail sent by the State Treasurer.**
- c) The VT Finance Department (Finance) requires every participating market to have a Federal Employer Identification Number (EIN). ESD sends participating markets a special F2F assurance form each April, whereon the market declares its EIN and certifies that the entity assigned the EIN is in good standing with the VT Tax Department. This is because state law allows the Tax Department to withhold payments if the EIN belongs to an entity that, according to that Department, has a tax issue and did not respond to their notice about the problem or arrange with them to resolve the matter. A market that is not in good standing with the VT Tax Department is still required to pay its vendors promptly for F2F coupons redeemed at the market.
- d) Finance requires ESD to get a W9 "Request for Taxpayer Identification Number and Certification" yearly from any market participating in the Farm to Family Program
- e) **A market may only redeem coupons for vendors enrolled in the current-year F2F. They are identified solely from (1) the annual list of pre-enrolled vendors in the June market packet from ESD or (2) by the market getting a completed Single-Market Vendor Participation Agreement valid for that year and sending that Agreement to ESD.** The vendor must write the vendor number from his/her current-year F2F agreement on each coupon before giving coupons to the market for payment. **All vendor agreements and vendor numbers are valid for just one summer/fall season.**
- f) Markets are expected to collect coupons weekly and pay vendors for them either the same day or the following week. Markets should discourage vendors from saving up coupons because unusually large payments may create cash flow problems for the market and administrative problems for F2F.
- g) Where a market lacks sufficient funds to pay a vendor immediately for coupons, the market should accept the coupons and, after counting the coupons and verifying they are all valid and bear correct vendor numbers, give the vendor a signed receipt identifying the vendor number, date, and total dollar value of the coupons. ESD provides "batch slip" forms to serve this purpose if needed. The market is required to pay that "IOU" amount to the vendor within four weeks.
- h) To be reimbursed for vendor payments, the market sends batches of redeemed coupons to ESD with a "Tally" form itemizing total coupon value by vendor number and enclosing a copy of any newly-signed Single-Market Vendor Participation Agreement. The Tally is a formal document that functions as a market invoice billing the State for a program payment. Therefore, each Tally form needs to be

complete, legible and checked for accuracy before being submitted. Current State policy is to issue authorized payments no more than 30 days from the invoice date.

i) ESD needs a steady flow of coupons from markets in order to manage the coupon processing workload and monitor vendor and coupon activity at each market. Otherwise, the frequency ESD should receive coupon batches depends on the redemption volume:

If this applies to the market:

Annual coupon sales < \$1,500

Annual coupon sales \$1,500 - \$5,999

Annual coupon sales \$6,000 - \$10,000

Annual coupon sales > \$10,000

Mail coupon batches at least this often:

Negotiable – monthly is preferred

One week each calendar month, starting in July

Every 2 or 3 weeks – every other week is preferred

Every other week – every week is preferred

To reduce F2F costs, markets should not send a batch totaling less than \$50 unless it is the only batch for a calendar month. ESD recommends immediate submission whenever the value of coupons collected reaches \$500. Larger batches tend to be error-prone, and errors delay payments and increase workload. ESD provides postage-paid F2F coupon submission envelopes that are costly to mail so **may only be used when sending coupons for payment. Each envelope sent needs a full return address. Please seal reinforce each seal with a short strip of tape if it holds more than \$500 in coupons and the adhesive seems weak.** This protects the market from losing money on coupons escaping the envelope in transit. Do not use heavy tape or wrap tape around to the front of the envelope, as ESD needs to open envelopes without tearing them. A single 5-6" strip of tape across the span where the envelope flap meets envelope back is sufficient.

- j) A \$1000+ batch of coupons bulky enough to strain the envelope seals should be split between two envelopes. **Each envelope needs to be treated as a separate batch and include its own Tally form.**
- k) The State should reimburse a market for a coupon batch within 30 days after ESD receives it. ESD will process a batch within a week of its receipt and, barring errors or omissions, authorize a payment to the market for the amount entered on the Tally. The check stub should show the invoice number (serial number in upper right corner of Tally form). Payment may be delayed if there is a tally error (e.g., invalid vendor number, missing vendor agreement, or the value of valid coupons enclosed does not match the amount entered on the tally). Holidays may delay payments by a day or two.
- l) **Invalid coupons are returned to the market unpaid.** This applies to coupons that expired in a prior year, are for a non-pre-enrolled vendor for whom the market did not send ESD this year's Single-Market Participation Agreement, or bear a vendor number not valid for the current year. (ESD has agreements for the current-year pre-enrolled vendors listed in the packet the market gets in June.)
- m) ESD may invite an organizationally stable market with a history of timely coupon submissions to have F2F payments direct-deposited into the market bank account. This expedites the payment process but increases administrative responsibilities for ESD and the market. For each payment transmitted, the State will send the market a notice stating the payment amount and date/serial number for the Tally form that served as invoice for a batch of coupons. The direct deposit option is not offered to new or low-redemption markets, or to a market whose address or bank account may change from year to year.
- n) The market must document all coupon payments in some way. It may get signed receipts or use its check register or other record keeping method. Regardless of method chosen, the market records need to at least identify the vendor number, amount paid and payment date. ESD makes an optional redemption log form available for this purpose. If F2F vendor payments are made in cash, the record

must include the vendor's signature to confirm receipt of the payment. These records are subject to inspection by authorized personnel from ESD and the U.S. Dept. of Agriculture.

- o) **Where the market's F2F coordinator is also a participating vendor, the market must make any coupon redemption payments to that vendor by check rather than in cash.**
- p) As stated on the coupon, the last day vendors may submit coupons to the market for payment is five days after the market closes for the season or November 5, whichever is sooner. **The market manager must be sure all participating vendors remember this deadline and be accessible so vendors can redeem their coupons by deadline, whichever is sooner. Markets must send their last batch of coupons to ESD fifteen (15) days after the market closing date or by November 30. The State will not pay a market for coupons mailed or hand-delivered later than November 30.**

2. End-of-Season Account Close-out Process

On the final coupon batch sent to ESD for a season, the market ought to check the "last batch" space on the Tally form after confirming that no vendors still have coupons to submit for payment. **Even for markets closing in early fall, the market address and bank account that the market identified for F2F purposes in May must remain active and unchanged through December 31.** This is to assure that payments (by check or direct deposit) or other F2F mail are not returned to the State as undeliverable. The Postal Service will not forward mail sent by the State Treasurer.

In late November, ESD will send each market a Final Statement and market coupon redemption report. The Final Statement will show the total value of coupons for which ESD authorized payments to the market. An enclosed report will itemize the market's redemption total by vendor and tammy form month.

Market managers or their F2F coordinators should contact the Farm to Family Program manager at ESD right away any time they have questions about:

- F2F deadlines for vendors, markets, coupon redemption
- final Statement or its final market redemption report
- specific coupon tally or payment
- any F2F policies or procedures