

**441—66.3(234) Contracts.** A contract between the department and an eligible recipient agency approved as described at subrule 66.2(1) shall cover receiving, storing, handling, and distributing commodities. A contract may also cover the issues of receiving, storing, handling, and distributing commodities through a subsidiary distributing organization that holds a subcontract with a contractor. A TEFAP contract shall include, but is not limited to, the following items:

**66.3(1) Subcontractors subject to contract provisions.** A contractor shall ensure that its subsidiary distributing organizations, if any, and other subcontractors that the organizations serve are subject to all the provisions of the contract between the department and the contractor.

**66.3(2) Oversight.** A contractor shall oversee each subcontractor that the contractor serves.

**66.3(3) Program documentation.** A contractor shall maintain a file on each subcontractor that the contractor serves, documenting the programs of the subcontractor and the procedures the subcontractor uses to determine household eligibility under the policies described at 441—66.5(234).

**66.3(4) Issue rates.** A contractor shall determine the issue rates for each subcontractor that the contractor serves, based on the subcontractor's:

- a. Ability to distribute without waste;
- b. Anticipated use based on inventory records and controls; and
- c. Ability to accept and store commodities.

**66.3(5) Maintenance of expenditures.** Each contractor and subcontractor shall maintain its normal expenditures for food with no reduction due to receipt of commodities.

**66.3(6) Distribution to low-income households.** A contractor or subcontractor that distributes commodities to households must limit the distribution of commodities to households that meet the eligibility criteria as described at 441—66.5(234).

**66.3(7) Meal sites serving needy persons.** A contractor or subcontractor that provides prepared meals must demonstrate that it serves predominantly needy persons. The agency is not required to employ a means test or to keep records solely for the purpose of demonstrating that its recipients are needy.