

Exhibit D - Required Services
HHS0016733 Nutrition Incentive Program Project

I. MANAGEMENT REQUIREMENTS

The Grantee agrees to administer the NIP Project in accordance with the terms of the Grant Agreement, based on a combination of Contract compliance and the Grantee's policies and procedures.

A. Formal Communication

1. The Grantee must adhere to the formal communication process established by HHSC for receipt and response to requests for information, Work Products, Deliverables, updates, and other required correspondence related to the performance of Grant requirements. HHSC will issue State Action Requests (“SAR”) to the Grantee following established procedures and timelines. The Grantee must issue Vendor Action Requests (“VAR”) to HHSC following established procedures and timelines, inclusive of the submission. See **Exhibit E, Deliverables**, and **Exhibit F, Key Performance Requirements**.

In addition to the requirements stated above, the Grantee must:

- a. Submit complete and accurate responses to any SAR or VAR no later than 10 Calendar Days after the Grantee's receipt of the request unless a specific date is specified in the request;
- b. Submit a written request for an extension of a SAR or VAR response deadline that specifies the estimated date of completion and reasons for the extension no later than three (3) Calendar Days after the Grantee receives the SAR or VAR response;
- c. Provide ad-hoc reports and respond to legislative inquiries as needed, and other high-priority requests within 36 hours from the time of the request by the due date and time specified by HHSC; and
- d. Submit all communication related to the Grant Agreement to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us), (NIP@hhs.texas.gov), unless otherwise stated in the Grant Agreement.

B. Communication Plan and Governance Structure

The Grantee must:

1. Establish a Communication Plan and Governance structure meant to provide administrative oversight and support for the Project discussions and decision-making between HHSC and the Grantee, to ensure compliance with the requirements of the Grant Agreement, and ongoing and successful coordination between the two Parties.
2. Develop and submit a Communication Plan and Governance Structure to HHSC within 15 Calendar Days after the Grant Agreement Effective Date or by the date specified by HHSC as required in D-01 Communication Plan and Governance Structure see **Exhibit E, Deliverables**. The Communication Plan

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must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The Plan must include, but is not limited to, the following:

- a. A list of personnel and their designees who will be required to attend the monthly Governance meetings and provide updates on Project milestones and discuss technical assistance, Project needs, etc. Include contact information (Name, Position, Project Responsibilities, and Email Address);
 - b. A list of the Grantee's personnel authorized to request and receive information and who needs to be included in correspondence from HHSC. Include contact information (Name, Position, Project Responsibilities, and Email Address);
 - c. The Grantee's staff position or designee responsible for developing the monthly Governance meeting agendas and submitting the meeting minutes to HHSC; and
 - d. A proposed schedule and structure of the monthly Governance meetings for this Project.
3. The Grantee must coordinate with HHSC to develop the meeting schedule. The Grantee's identified personnel or their designees must attend all scheduled in-person or virtual meetings as agreed upon between both Parties. In addition to these requirements, the Grantee must:
- a. Collaborate with HHSC to develop the meeting agenda, incorporating agenda items from both parties, and attach the finalized agenda to the meeting invitation for all scheduled meetings three (3) Calendar Days prior to each meeting, unless deviation is requested in advance and approved by HHSC; and
 - b. Submit meeting minutes via official SAR/VAR correspondence process for review, comment, and approval by HHSC, no later than two (2) Calendar Days after each meeting is held or date specified by HHSC, as required in D-02 Communication Plan and Governance Structure. See **Exhibit E, Deliverables**. The meeting minutes must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

C. Contract Monitoring Questionnaire

1. The Grantee must comply with all applicable cost principles, audit and contract monitoring, and administrative requirements in accordance with the Grant Agreement, contract management guidelines, and State and federal regulations. To ensure compliance with these requirements, HHSC utilizes a risk-based contract monitoring process. The Contract Monitoring Questionnaire ("CMQ") is part of the risk-based contract monitoring process and provides HHSC with detailed and ongoing information regarding the Grantee's internal and financial

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controls and other general contracting processes. The Grantee must submit a CMQ within 30 Calendar Days after execution of the Grant Agreement as required in D-03 Contract Monitoring Questionnaire. See **Exhibit E, Deliverables**. The CMQ must be submitted to the AES Contract Mailbox (AES_Contracts@hhsc.state.tx.us).

II. PROGRAM REQUIREMENTS

A. Overview and General Requirements

HHSC's objective is to increase the purchase of fruits and vegetables by low-income households participating in SNAP by providing an Incentive to low-income households participating in NIP Projects.

1. To meet the overall objective, the Grantee must implement at least one (1) of the following Incentives models in at least two (2) counties in Texas.
 - a. Fruits and vegetables for fruits and vegetables: SNAP participants purchase fruits or vegetables using their SNAP benefits and then receive Incentives that are redeemable only for the purchase of fruits or vegetables.
 - b. Any SNAP-eligible food for fruits and vegetables: SNAP participants purchase any SNAP-eligible food using their SNAP benefits and then receive Incentives that are redeemable only for the purchase of fruits or vegetables.
 - c. Fruits and vegetables for any SNAP eligible food: SNAP participants purchase fruits or vegetables using their SNAP benefits and then receive Incentives that are redeemable for the purchase of any SNAP eligible food.
2. Grantees may structure fruit and vegetable Incentive models as one of the following:
 - a. This may be completed in two (2) separate transactions. During the first transaction, the SNAP participant earns the Incentive. During the second transaction, the SNAP participant redeems their Incentive; or
 - b. As a single transaction where earning and redemption both take place in one transaction and the SNAP participant experiences a discount.
3. Only purchases made with SNAP benefits may trigger an Incentive. Electronic Benefit Transfer (“EBT”) cards may contain both cash and SNAP benefit accounts; therefore an “EBT” transaction does not always signify a SNAP transaction. Grantee must ensure NIP Projects clearly indicate how the Retailer will report SNAP transactions for purposes of triggering an Incentive.
4. Grantees must meet all contractual requirements and implement the detailed processes, plans, and strategies in the Project Work Plan for each NIP Project.

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5. The Grantee must complete all administrative tasks and functions associated with the funded NIP Project to include data collection, data analysis, and monitoring of the Retailers to ensure compliance with all policies and procedures and to measure the Customers' purchase of fruits and vegetables and the use of Incentives by low-income households participating in SNAP at participating Retailers.
6. Grantees must develop and complete a Quarterly Self-Evaluation indicating whether the NIP Project goals and objectives were met. This Self-Evaluation must be submitted to HHSC on the 20th Calendar Day following the State Fiscal Year (SFY) quarter being reported and at the end of the Project Period as required in D-04 Quarterly Self-Evaluation. See **Exhibit E, Deliverables**.

B. Project Refunds

1. Grantees must ensure that SNAP authorized Retailers include language in their refund policy prohibiting cash refunds to SNAP participants for items purchased with SNAP benefits. SNAP refunds must be returned onto the Customer's EBT card. Retailers must not issue a cash refund to its Customers. Providing cash refunds for SNAP Scrip (paper, tokens, or receipts) or items purchased with SNAP benefits is considered trafficking SNAP benefits. This is a serious violation of SNAP rules and can have lasting legal ramifications for any Retailer engaging in such practices.
2. Grantee must establish a process to ensure Retailers never exchange nutrition Incentives for cash or other non-qualifying items. The value of the Incentives must never be returned to the Customer's EBT card.
3. Grantee must ensure that Retailers exchange spoiled or undesired food products purchased with nutrition Incentives for the equivalent food products or other eligible products of the same value at the Retailer's discretion and based on their return policy for all Customers. Cash refunds to the Customer are not permitted.

C. Farmers Market Scrips

1. Grantee must ensure that Farmers Markets ("FM") develop and implement policies and procedures for FM's with one central [SNAP EBT | Food and Nutrition Service](#) Point-Of-Sale ("POS") terminal that utilize Scrip (paper, tokens, or receipts) for the redemption of SNAP benefits, which can only be spent on specified food at the FM's stalls and booths. The FM must allow SNAP participants that have unused Scrips remaining to return to the FM's central

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EBT POS terminal to have a refund issued back to the SNAP participant's EBT SNAP account. For more information visit

<https://www.fns.usda.gov/snap/retailer/scrip-system>.

2. Grantees using an FM Scrip system must use a fruit and vegetable Incentive Scrips distinct from Scrips that can be used to purchase any SNAP eligible food, regardless of the nutrition Incentive model selected.
3. Grantee must ensure that FM Scrips are only redeemed as intended at the FM; the value of unused Scrips must not be returned onto the SNAP participant's EBT SNAP account.
4. Grantee must ensure that unused Scrips can never be exchanged for cash, other Scrip, or other items. Grantee and FMs must establish and implement policies that describe how unused Scrip purchased with SNAP benefits to earn the Incentive Scrip can be returned without allowing SNAP participants to be able to retain the Incentives without making the required SNAP purchase.

Example: A SNAP participant purchases \$5.00 worth of tokens with SNAP benefits to receive \$5.00 (dollar for dollar) worth of Incentive tokens. Later the SNAP Customer wants to return \$2.00 worth of the SNAP tokens but already spent all \$5 worth of the Incentive tokens, which would result in the Customer effectively only making a \$3.00 SNAP purchase, but still receiving \$5 worth of Incentives.

5. Grantees must ensure the FM establishes and implements policies and procedures that describe how spoiled or undesired food products purchased with Incentives can be exchanged for the equivalent food products or other eligible products of the same value at the Retailer's discretion.
6. Grantee must ensure that SNAP benefits are not converted to E-tokens or any other type of currency not specifically approved under the Scrip demonstration waiver. The waiver is only for Farmers Markets and only for physical Scrip/E-tokens, or receipts returned to the vendor after an EBT transaction.

D. Documented Procedures

1. The Grantee must develop and maintain current program policies and procedures for all required services. Additionally, the Grantee must ensure all staff and volunteers are trained, apprised, and are able to fully implement and adhere to the policies and procedures to provide the services in accordance with

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the requirements in the Grant Agreement. Grantee must maintain current program policies and procedures on file available for review by HHSC upon request.

E. Customer Confidentiality and Security

Refer to Section II. Scope of Grant Project, 2.11 Data Use Agreement in the RFA.

F. Project Work Plan

1. Grantee must submit a final NIP Project Work Plan for HHSC review and approval within 30 Calendar Days after the execution of the Grant Agreement, as required in D-05 Project Work Plan. See **Exhibit E, Deliverables**. The Grantee must make and implement any change HHSC required for approval within 30 Calendar Days after HHSC notifies the Grantee of the required change via the Formal Communication Process in accordance with Section I. Management Requirements, Subsection A. Formal Communication, of this Exhibit.
2. Grantee must implement the HHSC-approved NIP Project Work Plan.
3. The Grantee must submit any changes to the HHSC-approved NIP Project Work Plan to HHSC for review and approval, at least 30 Calendar Days before a change becomes effective. HHS-approved NIP Project Work Plan and any changes must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).
4. The NIP Project Work Plan must include the following:
 - a. State if the proposed NIP Project is a new nutrition Incentive Project, or an enhancement, expansion, or modification of an existing Project.
 - b. Provide a narrative description of the Applicant's proposed processes and methodologies for implementing the proposed Project and the identified goals and outcomes.
 - c. List the type and number of SNAP Authorized Retailers that will be involved in the NIP Grant Project (e.g., small brick and mortar stores, farmers' markets).
 - d. Subrecipient/ Subcontractor information
 1. Provide a list of the Subrecipients/Subcontractor(s) the Applicant plans to involve in the proposed Project.
 2. Provide a description of the subcontractor's role in the proposed Project.
 - e. List all the location sites, addresses, and the associated county where the NIP Project(s) and sub-grantee Projects will operate.

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- f. Provide the Retailer names, street addresses, and Food and Nutrition Services (“FNS”) numbers for all the identified SNAP authorized Retailers that will participate in the proposed Project.
- g. Indicate if any special SNAP waivers will be requested or required and what the FNS waivers will include.
- h. Indicate if there are any identified Retailers that are not yet SNAP authorized, include the Retailer names and street addresses; and if any of these Retailers are currently undergoing the SNAP authorization process through the SNAP Retailer Service Center. The list must also include those Retailers’ FNS numbers.
- i. Provide the number of months and days the funded NIP Project will operate (e.g., a Project at a seasonal F M that will operate from June 15 through October 15).
- j. Provide the total number of individuals to be served by the proposed NIP Project.
- k. How the Applicant will notify, to the maximum extent possible, SNAP Applicants and SNAP participants in local communities about the availability of the proposed Project's nutrition Incentive activities.
- l. Eligible items
 - 1. List the products eligible to be purchased to earn Incentives at the point of sale (e.g., all fruits and/or vegetables, only fresh and local fruits, and/or vegetables).
 - 2. List the products eligible to be purchased when an Incentive is redeemed (e.g., all fruits and/or vegetables, only fresh and local fruits, and/or vegetables).
- m. Provide the Incentive levels and ratio of SNAP spent to Incentive earned, maximum Incentive dollar amount that can be earned per day.
- n. Describe the financial instrument used for Incentive delivery (e.g., E-tokens, Scrip, gift card, electronic).
- o. Describe the methods that will be used to track SNAP households’ grant Project participation (e.g., a store loyalty card issued to each participant).
- p. State if nutrition education or other interventions will be combined with the Incentive Project.
- q. Provide a description of any technical enhancements to the Retailers, EBT, or other systems for any NIP Project that will include any technical enhancement.
- r. Tracking of Goals
 - 1. Describe how the Applicant will track progress towards achieving proposed Project goals.
 - 2. Describe the methods the Applicant will use to determine if the Project is meeting its goals.

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3. Describe how the Applicant will reassess the proposed NIP Project goals monthly or quarterly.
 - s. Self-Evaluation/ Reporting
 1. Provide baseline data used to measure progress over the NIP Project Period.
 - t. Key Project milestones and target completion dates.
5. Grantees must request and obtain prior written approval to purchase any promotional items and materials. These items and materials must be required for activities and strategies in the Grantee's approved Work Plan and budget.

G. Key Personnel and Organizational Requirements

The Grantee must maintain the necessary qualified staffing capacity to meet the requirements of the Grant Agreement, applicable State, and federal requirements, and changing HHSC and Customer needs.

1. The Grantee must submit an updated Key Personnel and Organizational Plan describing the structure for successful fulfillment of the Grant Agreement and performance requirements 30 Calendar Days after the execution of the Grant Agreement or by the date specified by HHSC, as required in D-06 Key Personnel and Organizational Requirements. See **Exhibit E, Deliverables**. The updated Key Personnel and Organizational Plan must address any changes to the existing requirements in the original staffing plan and be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The updated Plan must include:

- a. A summary of the Grantee's organizational capacity;
- b. Organization's staff retention and turnover details;
- c. Organization's strategies, success, and experience in recruiting, hiring, and retaining staff;
- d. An organizational chart which includes the names and positions and identifies all Key Personnel that will be assigned to the NIP Project (include proposed vacant positions);
- e. Staff Activity and Allocation Plan which includes a list of all Key Personnel with
 - 1) Staff names;
 - 2) Staff position titles;
 - 3) Staff responsibilities and tasks that staff will work on each proposed Project or strategy; and
 - 4) The percentage of time each staff member is allocated to work on the NIP Project(s) and strategies.

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- f. A statement that indicates if volunteers will be used to implement the NIP Project and include their roles in the NIP Project and training that will be provided to ensure the volunteers are qualified to fulfill their roles.
2. Staff whose time is allocated at 100% to any NIP Project are not permitted to manage, oversee, or participate in other Projects, contracts, etc.
3. A Grantee must report any restructuring of the organization, or any organizational changes specified in this section. Ongoing personnel and organizational updates and changes must be submitted to HHSC at least 10 Calendar Days before a change becomes effective. Organizational changes must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

H. Staff Development Plan

1. The Grantee must develop, maintain, and implement a current written Staff Development Plan to develop and enhance the performance of staff responsible for providing services. The Grantee must submit to HHSC the Staff Development Plan that will be implemented for the NIP Project within 30 Calendar Days after the execution of the Grant Agreement, or by the date specified by HHSC, as required in D-07 Staff Development Plan. See **Exhibit E, Deliverables**. The Grantee must maintain a current staff development plan and reflect any changes to the plan on file and available for review by HHSC, upon request. The Staff Development Plan must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).
2. The Grantee must train staff and ensure their competence to provide services. The Grantee must determine the appropriate number of training hours required for each staff person to meet the minimum requirements of competency.

The Grantee's written Staff Development Plan must include:

- a. The total minimum number of training hours required for each staff person to meet minimum competency requirements;
- b. A training schedule that includes the number of hours for each required training;
- c. The training topics;
- d. Training objectives;
- e. The training method;
- f. Names of the instructors; and
- g. A plan to monitor and address staff performance.

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3. The Grantee must provide the following trainings to all staff prior to the staff member providing services:
 - a. Orientation to community resources;
 - b. Grantee's policies and procedures;
 - c. 29 United States Code Section 794 (relating to Nondiscrimination under federal grants and programs); and
 - d. Confidentiality of records.

I. Quality Management Plan

1. The Grantee must develop, implement, and maintain a current Quality Management Plan that includes an overall approach for a comprehensive, continuous, and measurable quality management program. Grantee must develop and submit a Quality Management Plan 45 Calendar Days after the execution of the Grant Agreement, and within 10 Calendar Days when a change is made to the plan, as required in D-08 Quality Management Plan. See **Exhibit E, Deliverables**. The Quality Management Plan must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The Quality Management Plan must include but is not limited to the following:

- a. Strategies and processes to promote and deliver quality services;
- b. Procedures to quarterly measure and report performance to HHSC throughout the Grant Agreement period; and
- c. A Grantee's process for providing HHSC copies of all internal quality assurance audit reports when developed or received by the Grantee.

J. Complaint Resolution

1. The Grantee must resolve any complaint received against the Grantee or subcontractors within 10 Calendar Days from receipt of the complaint, with the resolution or planned resolution, if complaint is unresolved, as part of sound management practices. The Grantee must submit copies of the complaint reports to HHSC within three (3) Calendar Days **of resolving or attempting to resolve the complaint** to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).
2. The Grantee must submit a Complaint Resolution Plan 20 Calendar Days after the execution of the Grant Agreement, or by the date specified by HHSC. Ongoing plan updates and changes must be submitted to HHSC for approval at least 30 Calendar Days before a change becomes effective, as required in D-09 Complaint Resolution Plan. See **Exhibit E, Deliverables**. The Complaint Resolution Plan must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

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3. Grantee must maintain a log which includes the following documentation for each complaint received:
 - a. Date of complaint;
 - b. Date the complaint was reported to HHSC;
 - c. Name of complainant;
 - d. Name of the Customer, if different than complainant;
 - e. Contact information for complainant and/or Customer receiving services;
 - f. Details about the complaint;
 - g. Complaint resolution or planned resolution;
 - h. Name of staff involved in resolution; and
 - i. Date resolution was completed.

K. Disaster Recovery and Business Continuity Plan

1. The Grantee must have a written disaster recovery and business continuity plan. The plan must comprehensively describe the approach to a disaster that could affect the need for NIP Project services under the Grant Agreement or its ability to provide associated Grant Agreement requirements. The written plan must be based on a risk assessment that identifies the disasters from natural and human causes that are likely to occur in the agency's service area and must include a continuity of operations business plan that addresses direction and control; warning and communication; emergency financial needs and resource management; Customer, staff, and attendant safety; continuity in the performance of, or arrangements for, essential service functions and the essential service needs of Customer services; critical personnel; and how to return to operations as quickly as possible. The plan must provide for uninterrupted service delivery to the Customer.
2. The approved Plan must be in place prior to the Effective Date of the Grant Agreement. The Grantee must update and resubmit to HHSC for approval, implement, and maintain its written Disaster Recovery and Business Continuity Plan within 20 Calendar Days after the execution of the Grant Agreement or by the date specified by HHSC, as required in D-10 Disaster Recovery and Business Continuity Plan. See **Exhibit E, Deliverables**. The Complaint Resolution Plan must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The plan must include the following:

- a. An overall approach for reestablishing operations and service delivery, or implementing alternative arrangements for continuity of service to Customer, within 24 hours after the onset of an unplanned catastrophe that

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- affects operations;
- b. A description of potential issues that may realistically occur, such as natural disasters or a cyber-attack that debilitates operations, with an outline of actions to address and resolve anticipated and unanticipated problems;
- c. A description of the planning for a disaster recovery site location and alternative arrangements, and procedures for necessary decision making. A disaster recovery site location must be located in the continental United States. Indicate the location of the disaster recovery site and the proximity to the central site;
- d. A description of backup and recovery procedures for and attendant services to Customers and records, specifying timeframes for restoring full and partial services;
- e. A contingency plan addressing interruption to the established training plan and outlining communication processes, short and/or long-term resolutions, action steps, and response timeframes;
- f. A description of the documentation and tracking instruments that will allow HHSC to determine if performance measures are met during a disaster recovery phase;
- g. The process for informing HHSC contacts of the initiated disaster recovery and contingency operations; and
- h. A plan and schedule for training staff and Customers and conducting drills to test the disaster recovery plan and procedures at least annually, and more frequently, if required by HHSC. After each drill, the Grantee must revise its plan to address any gaps or deficiencies in the plan identified as a result of the drill.

III. PERFORMANCE AND REPORTING

A. Reporting

The Grantee must submit monthly, quarterly, and annual reports by the dates established on the template provided and in accordance with the instructions provided by HHSC.

1. Monthly Key Performance Reports

The Grantee must submit a Monthly Key Performance Report by the 15th Calendar Day of each month following the month being reported, as required in D-11 Monthly Performance Report. See **Exhibit E, Deliverables**. The Monthly Key Performance Report must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The Grantee must provide the following key performance data and metrics of Key

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Performance Requirements (KPR) compliance measures:

- a. Detailed description of the activities and services conducted during the reporting period to meet Grant Agreement requirements for:
 1. Expanding the NIP Project network to more Farmers Markets and grocery stores across Texas.
 2. Expanding Incentives offered by the Retailer.
 3. Increasing the daily limit of Incentives, especially at Retailers with \$5 limits.
 4. Increase the number of Customers receiving Incentives; and
- b. Summaries of the quality management activities conducted which include the following:
 1. A detailed status of all KPRs and specified performance measures;
 2. The status of any identified risks, as well as subsequent mitigation strategies activities, and contingency plans for KPRs that are not being met;
 3. A description of any issues/challenges encountered and how they were resolved, including the length of time from discovery to resolution; and
 4. Status updates of any corrective actions requested by HHSC.

2. Quarterly Performance and Financial Status Report

The Grantee must submit a Quarterly Performance and Financial Status Report by the 20th Calendar Day of the month following the quarter being reported as required in D-12 Quarterly Performance and Financial Status Report. See **Exhibit E, Deliverables**. The Quarterly Performance and Financial Status Report must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The quarterly report must include KPRs validation and compliance measures. The Grantee must provide the following performance data, metrics, validation of KPR compliance measures, and Project financial status report in the Quarterly Performance and Financial Status Report.

The Quarterly Performance and Financial Status Report must include the following:

- a. Self-Evaluation of whether the Project is meeting its goals and objectives conducted during the reporting period to meet Grant Agreement requirements for:
 1. Expanding services to increase more Farmers Markets and grocery stores across Texas.
 2. Expanding Incentives offered by the Retailer.

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3. Increasing the daily limit of Incentives, especially at Retailers with \$5.00 limits.
 4. Increase the number of Customers receiving Incentives.
 5. The percentage increase or improvement as an outcome of the NIP Project in each quarter.
- b. Summaries of the quality management activities conducted:
1. Detailed summary of all KPRs and specified performance measures.
 2. The status of any identified risks, as well as subsequent mitigation strategies, activities, and contingency plans.
 3. Description of any issues/challenges encountered and how they were resolved, including the length of time from discovery to resolution.
 4. Status updates of any corrective actions requested by HHSC.
- c. For the fiscal part of the Quarterly Performance and Financial Status Report, the Grantee must reconcile the NIP Project expenditures and include a Quarterly Financial Status Report (“FSR”) that aligns with the services provided and allowable expenditures billed to HHSC for reimbursement. Through the submission of a FSR, Grantee certifies that:
1. Any applicable invoices have been reviewed to ensure all grant-funded purchases of goods or services have been completed, performed, or delivered in accordance with Grant Agreement requirements.
 2. All Grantee-performed services have been completed in compliance with the terms of the Grant Agreement.
 3. That the amount of the FSR added to all previously approved FSRs does not exceed the maximum liability of the Grant Agreement.
 4. All expenses shown on the FSR are allocable, allowable, actual, reasonable, and necessary to fulfill the purposes of the Grant Agreement.

3. Annual Report

The Grantee must submit an Annual Report by the 30th Calendar Day following the last day of the SFY being reported, as required in D-13 Annual Report. See **Exhibit E, Deliverables**. The Annual Report must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The report must include:

- a. A summary of the annual activities for each of the funded NIP Projects, provide verified annual data and analysis, present best practices identified during the year, and highlight successes and challenges.

IV. BUDGET REVISIONS AND INVOICING

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A. Budget Revisions

The Grantee must report deviations from the approved Budget, Project Scope, or Objective and request prior approvals from HHSC for Budget and NIP Project Work Plan revisions in accordance with D-14 Budget Revisions. See **Exhibit E, Deliverables** to include Budget revisions for Subcontractors, in accordance with Code of Federal Regulations Title 2, Subtitle A, Chapter 2 Part 200, Subpart D 200.208. If a Budget Revision Request is necessary, it must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us). The Grantee must request prior approvals from HHSC for the following Project or budget-related reasons:

1. Change in the scope or the objective of the Project (even if there is no associated Budget revision requiring prior written approval);
2. Change in Key Staff Personnel specified in the Application and approved Budget;
3. The disengagement from the Project for more than three months, or a 25 percent reduction in time devoted to the NIP Project;
4. The transfer of funds budgeted for participant support costs to other categories of expense;
5. The sub awarding, transferring, or contracting out of any work under the Grant Award, including fixed amount subawards;
6. The revision cannot exceed 25% of the Grantee's cumulative total Project Budget without written prior approval from HHSC. Budget revisions exceeding the 25% threshold require an amendment to the Grant Agreement, prior to the implementation of the Budget revision; and
7. The revisions involve the transfer of amounts budgeted for Indirect Costs to absorb increases in Direct Cost.

B. Invoice Management Plan

The Grantee must develop, maintain, implement, and submit an Invoice Management Plan that includes an organizational approach to invoice preparation and submission to HHSC within 30 Calendar Days after the contract effective date as required in D-15 Invoice Management Plan. See **Exhibit E, Deliverables**. The Invoice Management Plan must be submitted to the AES Contracts mailbox (AES_Contracts@hhsc.state.tx.us).

The Invoice Management Plan must include the following components:

1. Policies and Procedures
 - a. A current copy of the Grantee's written policy and procedure governing invoice preparation, review, approval, and submission to HHSC.
 - b. The policies must clearly define roles, responsibilities, and internal controls designed to ensure accuracy, compliance, and timeliness.

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2. Training Materials
 - a. Copies of the actual training materials used to prepare and train staff responsible for invoice preparation and submission, such as presentations, manuals, handouts, e-learning modules, or other instructional resources.
 - b. Grantees must also provide evidence that these materials are current and in use (e.g., version dates or training schedules).
3. Job Aids/Desk Aids
 - a. Copies of any job aids, desk guides, or reference tools used by staff in carrying out invoice-related tasks.
4. Quality Assurance Processes
 - a. A detailed description of the Grantee's quality assurance framework for invoice preparation and submission, including internal review protocols, error detection/correction methods, and monitoring activities used to ensure compliance with HHSC invoice submission requirements.
 - b. Documentation of how Quality Assurance (QA) results are tracked, reported, and incorporated into continuous improvement efforts.

C. Invoicing

Grantee must submit a monthly request for reimbursement (“**RfR**”) to HHSC in accordance with contractual requirements, unless otherwise specified in the Grant Agreement. Grantee must submit monthly RfR for payment, by the 20th Calendar Day of each month following the month in which expenses were incurred or services provided as required in D-16 Invoicing. See **Exhibit E, Deliverables**. Grantee must use the RfR template provided by HHSC. The Grantee must submit an invoice no more than once a month to the AES.Invoices@hhsc.state.tx.us and copy the AES Contracts mailbox (AES_Contracts@hhsc.state.tx.us).

1. The Grantee may not include expenditures for months other than the month for which reimbursement is being requested.
2. Grantees may submit a supplemental invoice in accordance with the instructions and template provided by HHSC.
3. Invoices that are not submitted in accordance with the instructions provided or do not follow the nomenclature will be denied and returned to the Grantee for necessary corrections to process the invoice for payment.
4. The Grantee must submit a monthly invoice and documentation supporting the expenditures incurred for the provision of services via email to the AES Invoice Mailbox (aes.invoices@hhsc.state.tx.us). The following naming convention must be used for the subject line of the email: “Legal Entity Name, Invoice #. Month Year.” ***For example***, an invoice submitted by HHSC for the month of September would look like this: “**Health and Human Services Commission, Invoice#1, September 20XX.**”

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The invoice must include the following:

- a. A unique identification (Invoice) number;
 - b. The word “invoice;”
 - c. Date of the invoice;
 - d. Grantee’s name, address, and contact information, including a business telephone number;
 - e. The service dates for when the services were rendered;
 - f. A description of services provided;
 - g. Subcontractor and Subgrantees expenditures,
 - h. The amount requested;
 - i. Mail Code;
 - j. Unique Entity Identification (UEID) number;
 - k. Taxpayers Identification Number (TIN);
 - l. HHSC Contract number;
 - m. Service month;
 - n. The Purchase Order Number; and
 - o. The total invoice amount.
5. Grantee must use the HHSC template provided to report costs to be requested for reimbursement from HHSC and costs to be matched (if applicable). Costs must be broken out to a degree that is sufficient to determine if they are reasonable, allowable, and necessary for the successful performance of the Project, in accordance with the allowable activities.
6. Final request for reimbursement must be submitted by the Grantee no later than 45 Calendar Days following the end of the SFY. This payment provision must also apply to the final payment whether at the completion of the award period or in the event of early award termination. Reimbursement or payment requests received after the deadline may not be paid.
7. Supporting documentation is required with all RfR for payment. HHSC must conduct routine monitoring of all Project and post-payment invoices reviews to ensure compliance with contractual requirements. The proper review of invoices provides assurances that the Grantee is paid timely and accurately. Before HHSC can initiate the payment process, proper research, review, and acceptance of performed service must occur. HHSC may need to request additional documentation from the Grantee to validate the expenditures.

To provide evidence of the activities implemented or services provided, the Grantee must include the supporting documentation for the request for

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reimbursement or payment request submitted to HHSC must include the following:

- a. The General Ledger (“GL”) is the central repository for transactions from the Grantee's financial applications - Accounts Payable, Payroll and other local interfaces. The GL with Summary Page must include only the funding sources and expenditures for the Project. The GL Summary Page must include current and cumulative charges by major cost categories (direct labor, overhead, travel, Equipment, other Direct Costs, and Indirect Costs) associated with the Project;
 - b. Itemized invoices and receipts for operational expenditures and Controlled Asset and Equipment costs.
 1. All receipts must have itemized descriptions and costs;
 2. Payroll documentation must have staff time and funding sources to validate expenditures;
 3. Subcontractor/Subrecipient reimbursement invoices to support expenditures;
 4. Travel receipts are used to reimburse staff for mileage, lodging, airfare, parking, and other receipts;
 5. Receipts for operational and Equipment costs, etc.; and;
 6. Receipts for Outreach Items approved by HHSC.
8. Supplemental Invoices - Cost-reimbursement types of Grant Agreements provide for reimbursement for allowable expenses incurred to the extent prescribed in the Grant Agreement. HHSC will make payment on a Cost Reimbursement basis. Those recorded Direct and Indirect Costs that, at the time of the request for reimbursement, the Grantee has paid by cash, check, or other form of actual payment for items or services purchased directly for the Grant Agreement, must be requested by the Grantee for reimbursement.

Grantees will be permitted to submit one (1) supplemental invoice per month, which must include all final expenditures for the month the Grantee is requesting reimbursement. This supplemental invoice must be submitted within 10 Calendar Days following the regular monthly invoice due date (monthly invoices are due on the 20th Calendar Day following the month of service; supplemental invoices for the same month must be submitted no later than the 30th Calendar Day of the billing month).

Example for a Regular Monthly Invoice.

Expenses were incurred or services provided for November, then HHSC must/must receive the invoice from the Grantee by December 20th to receive reimbursement. The nomenclature for invoices must include the invoice number, the month of service (abbreviated), and fiscal year (e.g., R123456,

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If the Grantee has received reimbursement for a Service Month but finds additional incurred expenses that were not included in the original invoice submission, the Grantee must submit a supplemental invoice by the 30th Calendar Day of the month following the month in which services were incurred. Grantee must use the nomenclature in the example below.

Example for a Supplemental Invoice

The Grantee received reimbursement for the Service Month of November. However, the Grantee has additional expenses that were incurred in November. These expenditures were not recorded in the original submission. The Grantee must/must submit a supplemental invoice to HHSC by the 20th Calendar Day of the month to receive reimbursement. The *nomenclature for supplemental invoices* must include the original invoice number, month of service (abbreviated), fiscal year, and the abbreviation of the word supplemental (e.g., **R123456, Nov. 2026 Sup.**)

9. HHSC requires supporting documentation to substantiate each element of an expenditure, including expenditures claimed for Match. The Grantee must maintain adequate records and provide the necessary documentation to show clear proof of an allowable expenditure. Upon HHSC's request, the Grantee must provide additional information to the degree or details necessary to resolve any review, examination, inquiry, or audit by HHSC or other responsible authority. The Grantee must certify that payments requested are in accordance with the applicable Grant Agreement provisions as well as applicable laws and regulations and that the requirements of the Grant Agreement have been met.

The Grantee must provide assurances that the Grantee's cost of activities is not funded from another federal source. In addition, HHSC does not provide start-up funding or issue advance payments.

10. Quarterly Expenditure Calls and Technical Assistance: The Grantee must participate in quarterly expenditure and technical assistance calls to discuss monthly invoicing, quarterly expenditures, and technical assistance needs.
11. In-Kind donations from public agencies. The donations of goods and services by a public entity to the State agency result in a de facto State agency expenditure or outlay and are thus considered reimbursable. The donation of goods and services by a private entity is not reimbursable. Grantees must track

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all in-kind donations from public agencies received and used for the Project.

In-Kind Donations from a private entity. An in-kind donation by a private entity is not considered a State Agency expenditure, and therefore is not considered a cost and is not reimbursable. Grantees must track all in-kind donations from private agencies received and used for the Project.

12. Program Income is designed to defray program costs where appropriate. Program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the HHSC and the Federal awarding agency authorize otherwise. Grantees must track and report Program Income generated and used for the Project.
13. Capital Equipment and Capital Asset. Capital Equipment and Capital Asset requests require three (3) bids unless the Grantee is using a Department of Information Resources (“**DIR**”) vendor. If the Grantee is using a DIR vendor and submits only one (1) bid, the Grantee must include a statement in the VAR stating that the Grantee is using a DIR vendor and is including only one (1) bid. The following are the thresholds for the capital Equipment and Controlled Assets. Controlled Asset items valued below \$500.00 do not require HHSC approval but must be included in the agency Budget and tracked in the Grantee’s inventory. The Grantee must maintain its own inventory log that reflects details such as property ID, disposal date, acquisition date, serial number, VIN #, funding source used, total cost, etc.
 - a. Capital Equipment: Individual items valued at \$10,000.00 or more
 - b. Controlled Assets: Individual items valued at \$500.00 to \$9,999.99

The Grantee must submit a request to HHSC for prior approval to purchase Capital Equipment and Controlled Assets included in the Budget via a Capital Equipment and Controlled Asset (“**CE/CA**”) Request process. The CE/CA Request must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us) only if a Controlled Asset or Capital Equipment will be purchased with the Project funds.

An awarded Grantee will be required to submit an HHSC Inventory Control Log which must include all Controlled Assets and capital Equipment purchased with HHCS funds. The CE/CA Request Log and HHSC Inventory must be reconciled at the end of each fiscal year closeout. The HHSC Inventory Control Log and final CE/CA Request Log will be due by September 15th, following the fiscal year end.

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V. NEED TO INFORM

- A. All issues must be reported to HHSC via e-mail, or telephone, if e-mail is unavailable, within five (5) minutes after Grantee determines an issue has occurred.

The Grantee must submit a report to HHSC via the official correspondence process within 24 hours after the issue is discovered. The report must be submitted to the AES Contracts Mailbox (AES_Contracts@hhsc.state.tx.us).

The report must detail:

1. The issue;
2. When and how the issue was discovered;
3. If the issue was resolved;
4. If the issue has not been resolved, what actions have been taken;
5. System and operational impacts; and
6. Corrective measures taken to detect and prevent the issue in the future.

VI. DELIVERABLES (EXHIBIT E)

- A. The Grantee must provide measurable and verifiable Work Products to HHSC that are an objective and accurate reflection of contracted requirements and performance. This includes documents, processes, reports, plans, and other products to assist HHSC in:

1. The development and implementation of quality improvement processes;
2. Monitoring the status of operations;
3. Tracking progress towards objectives;
4. Evaluating and validating performance;
5. Ensuring adherence to policy; and
6. Ensuring timeliness, accuracy, availability, and access to services.

- B. The Grantee must submit all required Deliverables in accordance with **Exhibit E, Deliverables**, and the requirements in this exhibit. The Grantee will also be responsible for submitting all required Deliverables and reports.

If a Deliverable due date falls on a Saturday, the Deliverable will be due on Friday before the due date, and if the due date falls on a Sunday, the Deliverable will be due on Monday following the due date. If a Deliverable is due on a State holiday, the Deliverable is due on the following business day. All reports and Deliverables must be submitted to the AES Contracts mailbox (AES_Contracts@hhsc.state.tx.us), unless otherwise specified in the Grant Agreement Requirements.

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C. COMMUNICATION/VIDEO CONTENT APPROVAL PROCESS

Any kind of communication going outside of HHS to the public that represents HHS and any of our programs must be reviewed by AES Comms and HHS Comms. Also, Spanish translation should be done by the HHS Comms translations team. Any video content that represents HHSC requires prior approval through HHSC Communications in accordance with established branding and messaging guidelines. Grantees proposing video deliverables must account for the following mandatory review and approval process in their project timelines:

Required Review Stages:

1. **Script Review by AES Communications** – Initial review to ensure alignment with program objectives and improve likelihood of final approval. Allow 1-2 weeks for feedback, with additional time required for subsequent reviews if revisions are needed.
2. **Script Review by HHSC Communications** – Final script approval by HHSC Communications. Allow 1-2 weeks for review and approval, depending on workload. Additional review cycles may be required following revisions.
3. **Storyboard Review** – Visual concept review by AES and HHSC Communications. Allow 2-3 weeks for this stage, which may be conducted concurrently with script review or as a separate process.
4. **Translation Services** – All Spanish translations must be completed by the HHSC Communications Translation Team. Allow 2-4 weeks depending on content volume and team availability.
5. **Final Video Review and Approval** – Completed video review by AES and HHSC Communications for final approval. Allow 1-2 weeks, with additional time required if edits are requested.

Grantee Responsibilities:

- a. Submit all communications/video-related materials through the designated review process before production begins.
- b. Incorporate approval timeline requirements into project schedules.
- c. Submit materials to the AES Contracts mailbox (AES_Contracts@hhsc.state.tx.us) unless otherwise specified.
- d. Allow adequate time for multiple review cycles and potential revisions at each stage.

Failure to complete the required approval process may result in rejection of video deliverables and potential impact to contract compliance.

VII. KEY PERFORMANCE REQUIREMENTS (EXHIBIT F)

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- A. The Grantee must provide all services at or above the level established in **Exhibit F, Key Performance Requirements**, and in accordance with the requirements **Exhibit D, Required Services**. Refer to Section entitled Non-Compliance Remedies in the KPRs for information on the actions HHSC may take in the event of contractual non-compliance or a missed KPR.

HHSC will monitor the performance of Grant Agreements awarded. All contractual services and Deliverables under the Grant Agreement(s) must be provided at an acceptable quality level and in a manner consistent with acceptable standards, customs, and practices. The Grantee must ensure services meet or exceed the minimum goals and outcomes established in Section 4205, [https://uscode.house.gov/view.xhtml?req=\(title%3A7%20section%3A7517%20edition%3Aprelim\)](https://uscode.house.gov/view.xhtml?req=(title%3A7%20section%3A7517%20edition%3Aprelim))

The Grantee must report on KPRs and outcomes in accordance with the quality and performance outlined below:

1. All services and Deliverables provided under any agreement must be provided in a manner consistent with the standards of quality and integrity as outlined in the Grant Agreement, the Solicitation, and the Grantee's proposal.
2. All services and Deliverables must meet or exceed the required level of performance specified in or under any Grant Agreement, and must meet or exceed HHSC's mission and objectives, as set forth in the Solicitation.
3. The Grantee must perform the services in a quality manner, in accordance with best practices and high professional standards used in well-managed operations performing services similar to the services described in the Grant Agreement.