

10.555 FOOD DONATION PROGRAM

State Project/Program: FOOD DISTRIBUTION

U.S. Department of Agriculture

Federal Authorization: 7 CFR Part 250

**N.C. Department of Agriculture and Consumer Services
Food Distribution Division**

Agency Contact Person – Program

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Address Confirmation Letters To:

Local Auditors should contact the Local Education Agency for a PIN number that will enable them to have access to the NC Dept of Agriculture and Consumer Services website that has the confirmation reports or auditors can contact:

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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 should be used in conjunction with the OMB 2019 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.

I. PROGRAM OBJECTIVES

The USDA’s Food Distribution Program is a multipurpose program designed to improve the nutritional quality of the diets of people who participate in the program. In addition, it supports agriculture through price support and surplus removal programs. The foods are made available to designated state distributing agencies for distribution to eligible outlets such as school food authorities. The North Carolina Department of Agriculture and Consumer Services – Food Distribution Division (NCDA&CS) is one of these distributing agencies that orders food from USDA and arranges for the receipt, storage and distribution to school food authorities.

II. PROGRAM PROCEDURES

The Food and Nutrition Service (FNS) of the US Department of Agriculture administers the Food Distribution program. FNS enters into agreements with State distributing agencies for the distribution of USDA foods. NCDA&CS then enters into agreements with NC public and private schools.

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USDA provides foods to NCDA&CS, which in turn provides those USDA foods to recipient agencies as indicated above. Schools are eligible for a certain entitlement dollar level of USDA food assistance based on the number of lunches served during the prior year, times the mandated rate of assistance.

USDA foods that are offered to school food authorities against the entitlement dollar amount of their Commodity Assessment Survey are considered entitlement foods. Other foods may be offered to school food authorities for which there is no charge to the school food authority's entitlement. All foods are offered or made available on a use without waste basis and must be used within a six months time period. Foods are purchased by USDA based on a number of factors such as: market conditions, the amount, types, and cost of foods available. USDA provides NCDA&CS a dollar level of entitlement. This entitlement is determined by multiplying the number of reimbursable lunches served by the commodity assistance rate. Group A items are meats, fruits and vegetables. These items are purchased by the Agricultural Marketing Service (AMS) of USDA. NCDA&CS decides how much of these items to order and allocates them to the school systems based on the formula stated above. Group B items are dairy products, grains and oils. These items are purchased by the Farm Service Agency (FSA) of USDA. The school systems decide how much of these items they need, and NCDA&CS place their order to FSA based on those requirements. The per lunch entitlement is provided by Federal legislation. The computation for each school food authority is based upon the number of lunches served by each said agency. The number of lunches data is provided to NCDA&CS by the NC Department of Public Instruction, Child Nutrition Section.

USDA foods generally available for the National School Lunch Program include frozen and canned meat and poultry; canned, fresh, and frozen fruits; vegetables and juices; dairy products; cereals and grains; vegetable oil and shortening; and peanut products. The foods that USDA purchases may vary from time to time, depending on what food products are available.

When USDA informs NCDA&CS of actual or estimated quantities of specific Group A foods expected to be made available, NCDA&CS allocates the USDA foods to the school food authority based on school orders. NC 209 Reports are available on the NCDA&CS FDD website and available 24/7 in order to inform them of what items have been delivered and are to be delivered. Group B foods are ordered on the basis of the Food Preference survey for each recipient agency. Foods that are declared "Bonus", regardless of their prior classification, will be requested by the recipient agencies. If the school food authority does not wish to receive the food allocated, the school food authority may exercise their right to refuse.

NCDA&CS allocates USDA foods to the school food authority, generates an invoice reflecting the USDA foods, pack-size, storage code, dollar value and time/date of delivery. One copy of the invoice is sent via email to the recipient agency, and two (2) copies accompanies the delivery. When delivery is made, it is the responsibility of the receiving agency to unload products, assuring that the number cases and pack-size matches the invoice, that the products are free from damage and in good condition.

The receiving agency representative should sign for the products received in good condition, with differences noted on the invoice. The receiving agency's invoice should match the driver's invoice. School food authorities will be charged for USDA foods as reflected on the driver's invoice when returned to the warehouse.

USDA foods must be maintained in a clean and secure environment. Storage conditions must be such that premature deterioration of USDA foods is prevented, such as proper temperature and air circulation. USDA foods should be used on a First In, First Out method of distribution. These foods have a pack date on the case, and the items with the oldest pack dates should be used first. Where a pack date is not available, it is recommended to mark the product using month and year of receipt or a receipt date.

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Occasionally, school food authorities will experience losses of USDA foods which were received in good condition. Generally, such losses will be due to inventory adjustments or due to theft, damage, infestation or spoilage. Losses of food, both purchased and USDA foods, are expensive and care should be taken to prevent them. When losses occur, it is the responsibility of the school food authority to demonstrate that reasonable efforts were made to safeguard foods.

III. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Unallowed

USDA foods may be utilized for school breakfast and school lunch. They are also allowed to be utilized for any purpose and event approved by the school board as long as; 1) any monies derived from the event are returned to the child nutrition section; and 2) the students are the benefit of the event. Home economics classes are allowed to utilize USDA foods if permission is granted by the Child Nutrition Director of each school system.

B. Allowable Costs/Cost Principles

Administrative cost and cost principles are set forth by the NC Department of Public Instruction. They oversee the administration of each child nutrition

C. Cash Management

Not applicable.

D. Reserve

E. Eligibility

Each school system receiving USDA food must be in the National School Lunch Program (NSLP) to be eligible for program participation.

F. Equipment and Real Property Management

Not applicable.

G. Matching, Level of Effort, Earmarking

Not applicable.

H. Period of Performance

Not applicable.

I. Procurement and Suspension and Debarment

Not applicable.

J. Program Income

Not applicable.

K. Reserve

L. Reporting

All financial, participation, costs are reported to NCDPI.

M. Subrecipient Monitoring

School systems receiving USDA foods are reviewed by NCDPI. NCDA&CS FDD also reviews for accountability, utilization, storage practices and record keeping practices to ensure compliance with federal regulations.

N. Special Tests and Provisions

Not applicable.