

FOOD DISTRIBUTION PROGRAM

Eligibility for USDA Foods

Each year, recipient agencies must first be approved to participate in the National School Lunch Program (NSLP) before they are eligible to participate in the Food Distribution Program. New, recipient agencies are not eligible for USDA Foods until they have participated in the National School Lunch Program (NSLP) for one school year; however they will be eligible to complete a pre-order Survey. Those Recipient Agencies who receive “vended” or catered meals are not eligible to receive USDA Commodity Foods.

USDA Foods are purchased by the government to improve the nutritional status of children and offered to RCCIs based on their NSLP participation.

The annual USDA Planned Assistance Level (PAL), often referred to as Entitlement, is distributed to recipient agencies through the CNPweb system to all eligible sponsors each year on an annual pre-order survey. A recipient agency’s Entitlement balance is based on a RA’s Total Reimbursable Lunches claimed under the NSLP for the previous two school years. Each January, sponsors will be asked to complete an online, pre-order survey and spend their Entitlement by requesting the types and amounts of USDA commodities they wish to receive beginning the following September.

Delivery of USDA Foods

Frequency of Deliveries - Each August, the State contracted warehouse(s) will, upload available bi-weekly, delivery periods into the CNPweb system. Commodity Delivery Order requests must be completed through the CNPweb system.

Established commodity Delivery Orders to recipient agencies shall be made on a biweekly basis or with the mutual agreement of both parties at other intervals. Those recipient agencies affected by any deviation from the published schedule shall be notified by telephone as soon as the deviation is recognized by any agent of the contractor (i.e., delivery personnel). Biweekly delivery means every other week and **not** twice a month; therefore, recipient agencies may have deliveries scheduled three times in certain months.

Delivery Times - Deliveries shall be made between the hours of **7:00 a.m. and 3:00 p.m. (Recipient Agency Local Time)**, unless special arrangements are made in advance. Deliveries shall be made Monday through Friday, except holidays or other times when recipient agencies are closed for incidents such as inclement weather.

The contractor shall, **where practical**, provide each recipient agency with delivery on the same weekday of each scheduled delivery period or provide a 24-hour notification of delivery. This provision should actually increase delivery efficiency by enabling recipient agencies to plan and schedule receiving personnel.

In the event that deliveries are delayed due to a cause beyond the control of the recipient agency (i.e., inclement weather, contractor equipment failure, or personnel problems), the contractor shall work with the affected recipient agency to arrange another agreeable time of delivery before the next scheduled delivery date. When requested, the contractor must provide delivery to all recipient agencies. The contractor shall make every effort to ensure that deliveries are completed as scheduled on a biweekly delivery basis. Qualified, Non-school Summer Food Service Program Sponsors will have their orders placed for them by the State Agency through the CNPweb™ system.

Delivery Drops - Drivers and/or other representatives of the state contracted warehouse shall deliver USDA Foods into designated receiving areas at each recipient agency site and shall not be required to stock such USDA Foods on sponsor shelves.

Single Inventory Record Keeping System

Indiana, like many other states, has adopted the single inventory approach to receiving, storage and utilization of USDA Foods. Once a USDA Food item appears in a sponsor's CNPweb™ inventory, it is considered to be commercial product regarding delivery, receiving, storage and utilization. The single inventory recordkeeping system combines purchased food and USDA Foods purchased for the School Nutrition Programs into one system. USDA's decision to purchase and distribute USDA Foods in commercial labels rather than USDA labels created a need to change inventory procedures. Since USDA Foods would be visually indistinguishable from purchased food, maintaining separate inventories for the two classes in order to facilitate compliance with existing regulations would be difficult. Therefore, USDA granted states a waiver from certain regulatory requirements. States that adopted the single inventory system, and SFAs under their oversight, were instructed to apply the same recordkeeping and inventory requirements to USDA Foods that they use to safeguard foods purchased with School Nutrition Program funds.

Handling USDA Foods under the Single Inventory Record Keeping System -

1. The value of the USDA Food will be realized when title passes to the recipient agency. At that point, the product becomes the property of the recipient agency and is a nonprofit food service account asset.
2. Since separate inventories are no longer required, the same inventory valuation method currently used by the recipient agency for purchased products would now apply to all USDA Foods. For example, if the recipient agency uses FIFO (first in-first out) for purchased products, the recipient agency would use FIFO for its USDA Foods.
3. The recipient agency will treat and safeguard its USDA Foods just as it now does with supplies purchased with nonprofit food service account funds. As always, good inventory management and control practices must be maintained.
4. The recipient agency may use the USDA Foods across programs as long as all income accrues to the nonprofit food service account in the same manner income currently accrues from the use of supplies purchased with nonprofit food service account funds.
5. When a loss of a USDA Food occurs after title has transferred, the recipient agency is required to use the same procedures currently in place for reporting purchased product losses. If the recipient agency is not obligated to report purchased product losses to the State agency, the recipient agency will no longer be responsible for reporting USDA Food losses. However, the recipient agency remains responsible for ensuring that all nonprofit food service resources are safeguarded and reminded that any misuse of nonprofit food service resources is subject to criminal prosecution under section 12(g) of the National School Lunch Act.
6. USDA Food entitlement credit will be available to recipient agencies that furnish food for nationally declared disaster feeding. The credit cannot exceed the lesser of the actual USDA Foods supplied or the amount of the USDA Foods received during the past 12 months.
7. Once received by the recipient agency, the State agency will not be involved in arranging or accounting for transfers to other agencies. Transferring of USDA Foods may still occur; however, arrangements will be made at a local level. Since the value of the USDA Food has already been realized by the recipient agency, no additional entitlement will be credited. It will be the responsibility of each recipient agency to recover the transferred product value.

8. Food safety recalls will follow the current USDA Hold and Recall procedures. As with any commercial product, can codes and establishment numbers will be used.

9. Since not required on commercial labels, the pack date will be lost. As you know, this information was the basis for “Best if Used by Dates” guidance. The “Best if Used by Dates” guidance commodity chart can be found on the Food Distribution Resource Page at <http://www.doe.in.gov/nutrition/food-distribution-program>. All recipient agencies are reminded to maintain good inventory practices.

Receiving

Designated receiving areas have the following parameters:

1. Delivering carriers shall have access to a ground level unloading area or standard truck dock.
2. Facilities shall be accessible by truck.
3. Final receiving areas shall be on the same level as the unloading area and no more than fifty feet from ground level unloading area or truck dock.
4. Carriers will follow standard industry practice pertaining to deliveries when addressing unusual delivery situations. A recipient agency representative shall verify accuracy of items, quantities, and condition of USDA Foods. The recipient agency representative must sign each delivery receipt. The receiving agent shall note variances from the norm, such as shortages, damages, etc., on the appropriate delivery receipt. Delivery personnel shall initial all such notations.
5. A recipient agency delivery order of fewer than ten cases per drop site will be assessed a drop fee not to exceed fifteen dollars per drop. A drop fee **may not** be assessed when delivery of less than the minimum is the result of the contractor's discretion. As an example, if a single recipient agency requested a combined delivery of dry and cooler/freezer USDA Foods which met the minimum delivery requirement and the contractor decided to deliver less than the minimum of dry USDA Foods on one day and less than the minimum of cooler/freezer USDA Foods several days later, the recipient agency would not be subject to the drop fee.

Damages and Shortages

The sponsor should approach these issues for USDA Foods just as they would for any commercially purchased product. Under the single inventory system, your first contact would be the distributor. Be sure that all such incidents are noted on the delivery document and initialed by the delivery agent. The distributor will post a USDA Food short delivery in the CNPweb™ system and the sponsor will need to reorder the product.

USDA Food Complaints

When a sponsor can clearly identify that there is a problem with a USDA Food product they may contact the State Agency to determine if a formal complaint to the USDA is warranted. You can contact the State Agency by calling John Moreland, Food Distribution Program Specialist at (317) 232-0548 or jmorelan@doe.in.gov or Linda Smith, Food Distribution Program Specialist at (317) 232-0859 or lsmith@doe.in.gov.