POLICY ALERT

Date: May 03, 2010

Reference: # FDP 2010-02

To: Food Distribution Program (FDP) Contractors

Subject: School Food Authorities (SFAs) Acting as a Collective Unit in the Control and Use of USDA Foods

Effective Date: Immediately

Purpose

NOTIFY contractors of requirements for participating in an SFA collective unit.

REPLACE Item 8190 Requirements for School Food Authorities (SFAs) Acting as a Collective Unit in the Control and Use of USDA Foods

Implementation

Immediately

Procedure

Replace Item 8190 with the following:

In performing any activities with USDA Foods, the SFA collective unit (i.e., cooperative or consortium) is subject to the same requirements and may exercise the same options as a single SFA. Examples of USDA Food activities are:

- Selection or ordering;
- Receipt and storage;
- Use of USDA Foods in preparing and serving meals; and
- The procurement of goods and services from commercial enterprises (i.e., in processing of USDA Foods).

The SFA collective unit:

- May select USDA Foods and submit such requests to the Texas Department of Agriculture (TDA);
- May utilize single inventory management, i.e., commingle USDA Foods and commercially purchased foods in storage and maintain a single inventory record of the commingled foods;
- Is not required to conduct an inventory of USDA Foods or to reconcile and offset USDA Food inventory losses; and
- Must use USDA Foods in school lunches or in other activities of the nonprofit school food service.

continued

This Policy Remains in Effect Until Further Notice
Each SFA must include the USDA Food activities to be performed collectively in the copy of the SFA’s collective unit’s agreement or contract. Although it is not mandatory, SFA may choose to require separate identification and control of each SFA’s USDA Foods.

**Procurement of Goods and Services**

Procurements must comply with Federal and State procurement requirements.

The SFA collective unit may procure goods and services from commercial enterprises (or from other entities such as private nonprofit organizations) to:

- Store USDA Foods;
- Process USDA Foods
- Purchase finished end products; or
- Perform other USDA Food activities.

All USDA Food activities to be performed by a commercial enterprise or other entity on behalf of the SFA collective unit must be included in procurement documents and in the contract provisions. For example, the procurement may permit a commercial storage facility to store and inventory all USDA Foods together or to store such foods together with commercially purchased foods it is storing for the SFA collective unit. However, to ensure distribution of USDA Foods to recipient agencies and recipients eligible to receive them, a commercial storage facility must not commingle such foods with foods it is storing for itself or another entity.

If a commercial facility prepares meals with USDA Foods for SFAs, it is considered processing and would be subject to the requirements for processing of USDA Foods. If an SFA is considering this option, it must consult with TDA first.

If an SFA contracts with a private nonprofit organization to prepare meals, the private nonprofit organization would be considered a food service management company (FSMC) and must meet all the requirements for using USDA Foods in meal preparation.

**Authority**

USDA Policy Memo FD-067: School Food Authorities Acting as a Collective Unit in the Control and Use of Donated Foods (Revised)

**Contact**

If you have any questions please contact your Commodity Operations Technician.