**POLICY ALERT**

**Date:** July 22, 2010  
**Reference:** # FDP 2010-05  
**To:** Food Distribution Program (FDP) Processors  
**Subject:** Waiver and Replacement of Current Regulatory Thresholds for Independent CPA Audits of Multi-State Processors  
**Effective Date:** Immediately

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**Purpose**  
**NOTIFY** multi-state processors of a waiver and replacement of current regulatory thresholds used in determining the required frequency of CPA audits.

**ADD** Item 10741, Audits for Multi-state Processors

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**Implementation**  
School year 2009-2010 audit cycle.

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**Background**  
The United States Department of Agriculture (USDA) increased the threshold amounts of the value of processed foods for determining the frequency of required audits of multi-state processors.

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**Procedure**  
**Add the following to your handbook:**

10741, Audits for Multi-state Processors

Multi-state processors are required to obtain and submit independent CPA audits of processing activities. Frequency of the audits depends on the amount of the value of USDA Foods received for processing during the year.

The multi-state processors must obtain an independent CPA audit:

1. Annually, if the average USDA Foods received is more than $5,000,000 for processing per year.
2. Every two years, if the average USDA Foods received is between $1,000,000 and $5,000,000 for processing per year.
3. Every three years, if the average USDA Foods received is less than $1,000,000 for processing per year.

CPA audits are due to USDA’s Food and Nutrition Service (FNS) no later than December 31, following the end of the school year in which the audit is required. For USDA Foods processing, a year begins July 1 and ends on June 30.

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**continued**

This Policy Remains in Effect Until Further Notice
Procedure continued

To determine the total value of USDA Foods received during the school year, multiply the total number of pounds of each USDA Food by the value of each food in the November 15th commodity file in effect for the school year. The total USDA Foods inventory value is the sum of the value of each individual USDA Food.

NOTE: Processors may access the Food Distribution Handbook online at www.snptexas.org.

Authority


Contact

If you have any questions please contact your Coordinator for Commodity Operations.