POLICY ALERT

Date: June 22, 2010
To: Food Distribution Program (FDP) Contractors
Subject: Value of USDA Foods for Audits
Effective Date: Immediately

Reference: # FDP 2010-07

Purpose

NOTIFY contractors that a value must be assigned to United States Department of Agriculture (USDA) Foods for audit purposes.

ADD Item 11210, Value of USDA Foods for Audits

Implementation

Immediately

Procedure

Add the following to your handbook:

11210, Value of USDA Foods for Audits

Recipient agencies (RAs) must obtain an annual audit if they expend more than $500,000 in Federal grants during the contractor’s fiscal year. The value of USDA Foods must be considered part of Federal grants.

For audit purposes, FDP contractors must consider all USDA Foods received during the fiscal year as expended.

The value of expended USDA Foods may be determined by the fair market value (FMV) at the time the foods are received by the RA or by one of the following:

1. The United States Department of Agriculture (USDA) purchase price (cost-per-pound);
2. The estimated cost-per-pound data provided by USDA at the beginning of the contract year; or
3. The USDA commodity file cost posted each November. This information is available from the Texas Department of Agriculture (TDA).

A method of determining the value of USDA Foods must be chosen for audit purposes. Once an RA has selected a method of determining the value of USDA Foods, it must use that method consistently in all of its audit activities and must maintain a record of the means of valuing USDA Foods for audit purposes.

continued

This Policy Remains in Effect Until Further Notice
Procedure continued

In most cases, it would be easier for an RA to use one of the options provided rather than having to determine the FMV at the time of the receipt of the USDA Foods. TDA recommends the first option as the easiest and most accurate method and is the way most contractors currently determine FMV. The USDA purchase price information is available in the weekly bulletin provided to contractors through the Texas commodity System (TCS).

The value applied to USDA Foods for audit purposes does not apply for other purposes.

Authority


Contact

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