POLICY ALERT

Date: March 25, 2011
Reference: # FDP 2011-03
To: Food Distribution Program (FDP) Contractors, Warehouses, Processors
Subject: Responsibilities for Claims for Food Losses
Effective Date: Immediately

Purpose

UPDATE procedures for claiming USDA Food losses.

DELETE Policy Alert, FDP 2010-06, Warehouse Claim Determination

Implementation

Immediately

Procedure

ADD the following to your Food Distribution Handbook:

8171, Responsibilities for Claims for Food Losses

Claims for losses can occur when:

• USDA Foods are no longer fit for human consumption;
• USDA Foods are not stored or managed by program requirements;
• USDA Foods are stolen, willfully misapplied, obtained by fraud or improperly distributed;
• A processor fails to meet processing yield or produce end product that meets required specification;
• Administrative funds are stolen, embezzled, willfully misapplied, or obtained by fraud; or
• Administrative funds are not used according to program regulations.

Claims must be reported on Form H1638, Report of Loss of USDA Foods and include:

• Types and quantities of USDA Foods lost;
• The value of the USDA Foods lost or the amount of funds lost or improperly used;
• Date and location of the loss, to the extent they can be determined;
• The cause, including theft, embezzlement, or fraud; and
• The party responsible for the loss, if any.

Provide any additional documentation as indicated on Form H1638. Forms are available on www.snptexas.org.

continued

This Policy Remains in Effect Until Further Notice
The value of USDA Foods lost is determined by using the price of the food at the time the loss occurred. TDA also has the option to use:

- Values determined by the USDA purchase price (cost per pound);
- Estimated cost-per-pound data provided by USDA; or
- USDA commodity file cost as of a date specified by TDA.

TDA does not process USDA Food loss claims under $500.

EXCEPTIONS:
1. Claims under $500 will be pursued if a noticeable pattern develops that indicates repeated damage or loss of USDA Foods. The contractor will be required to submit a corrective action plan that includes a time frame for making procedure corrections and outlining a remedy to the problem(s) creating the food loss.

2. If the loss occurred as a result of theft, embezzlement, willful misapplication, or fraud, TDA will pursue the claim.

For losses occurring as the result of a natural event, such as a hurricane or flood, or as a result of a general power outage, TDA will not pursue a claim or forward the claim to USDA. TDA will notify USDA if the value of these kinds of losses exceeds $500. Losses over $100,000 will be reported to USDA for further action.

When pursuing a claim, TDA will send the responsible party a written notification and demand for payment. The notification will include:

1. Description of the loss;
2. Date, location and cause of the loss, if known;
3. Evidence and documentation relating to the loss, including a copy of a certificate of inspection by health officials, if applicable;
4. Evidence of theft, embezzlement, willful misapplication, or fraud, if applicable; and
5. A formal demand to make payment to TDA for the full value of the loss of USDA Foods or funds within 30 days from the date of notification.

NOTE: Commercial warehouses and processors may access the Food Distribution Handbook online at [www.snpftexas.org](http://www.snpftexas.org).

Authority


Contact

If you have any questions please contact Commodity Operations at 877-TEX-MEAL (877-839-6325).