Texas Department of Human Services

POLICY ALERT

Date: March 31, 1999  
Reference #: TEXCAP 99-2

To: Texas Commodity Assistance Program (TEXCAP) Contractors

Subject: Subagency Inventory Requirements

Effective: April 1, 1999

Effective April 1, 1999, the Texas Department of Human Services (TDHS) amends the portion of the TEXCAP policy that requires all subagencies and agents of TEXCAP Contractors to keep a daily perpetual inventory and to do an annual physical inventory of United States Department of Agriculture (USDA) donated commodities. This change is permitted by federal regulations and state rules that are currently in effect. It is necessary to eliminate administrative complexity which may be discouraging the program participation of some subagencies.

Currently, the TEXCAP Handbook, Chapter 13, Inventory Records, page 13-1, states that "Recipient Agencies" (i.e. contractors, subagencies, and the agents of contractors) are responsible for a daily perpetual inventory and an annual physical inventory.

NOTE: For the purposes of this policy alert: (1) a "subagency" is an agency or organization that receives USDA commodities from a TEXCAP Contractor and distributes them directly to commodity recipients or indirectly to commodity recipients through other agencies and (2) an "agent" is a carrier, a company that leases storage space, or another entity that receives, handles, and/or stores USDA commodities on behalf of a TEXCAP Contractor.

New Policy

New policy requires RAs which are food banks to keep a daily perpetual inventory and to do an annual physical inventory and will be incorporated into the next revision of the TEXCAP Handbook, Chapter 13, Inventory Records, page 13-1. The new policy means that the inventory requirements apply only to the fourteen (14) food bank contractors and their subagencies which are themselves food banks. As necessary, TEXCAP Contractors may establish and apply their own inventory controls to subagencies that are not food banks and to all agents.

This policy change does not affect TEXCAP Handbook policy, Chapter 13, Introduction, page 13-1, that requires all RAs, as previously defined, which receive USDA commodities to be responsible for good inventory management.

Additionally, TEXCAP Contractor agreements with subagencies/agents who receive USDA commodities must impose inventory controls which are sufficient to ensure that the commodities are safeguarded and used/distributed as intended. If indicated by review findings or other information received, TDHS may impose corrective action to require contractors to implement any inventory controls deemed necessary for any subagencies or agents who receive USDA commodities.

If you have any questions please call Sam Varela at 512-467-5824.