



United States
Department of
Agriculture

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Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

SUBJECT: Use of Single Inventory Record Keeping by Food Service
Management Companies

TO: All State Distributing Agencies

It has come to our attention that confusion exists concerning the use of single inventory record keeping by Food Service Management Companies (FSMC). This is an area of particular concern since single inventory is still a fairly new concept.

Food Distribution Program Regulations no longer require recipient agencies to maintain separate inventories of donated food and commercially purchased food in the National School Lunch Program, Summer Food Service Program, Child and Adult Care Food Program, Nutrition Services Incentive Program, and charitable institutions and summer camps. The co-mingling of these foods for streamlined inventory controls, reporting, and record keeping requirements is commonly known as single inventory record keeping.

Regulations allow the recipient agencies listed above to contract with an FSMC to conduct food service operations and utilize donated foods for providing benefits. State distributing agencies and recipient agencies may choose to prohibit the use of single inventory record keeping by an FSMC if it will help ensure that recipients receive the benefit of donated foods. A requirement for separate inventories should be contained in bid documents and a provision in the final contract.

There is a question concerning whether a recipient agency, such as a school food authority, might be charged for donated foods used in a cost-reimbursable contract if the FSMC is using a single inventory. We are in the final stages of preparing guidance on this topic, which should be issued in the next few weeks.

A handwritten signature in cursive script that reads "Cathie McCullough".

Cathie McCullough
Director
Food Distribution Division