



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

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Food and
Nutrition
Service

POLICY NO: FD-067 National School Lunch Program (NSLP)

3101 Park
Center Drive

SUBJECT: Requirements for School Food Authorities Acting as a Collective Unit (e.g., in School Co-ops or Consortia) in the Control and Use of Donated Foods

Alexandria, VA
22302-1500

School food authorities (SFAs) are more commonly performing food service activities collectively, including activities with donated foods, in the interest of minimizing costs and increasing efficiency. SFAs sometimes perform such activities as part of a school cooperative (co-op) or consortium, which are often legally defined entities subject to specific State laws or requirements. This memorandum clarifies the requirements and options in the control and use of donated foods for any SFAs acting as a collective unit in conducting donated food activities, including SFAs that are part of a school co-op or consortium. It also clarifies the requirements for the distributing agency with respect to such SFAs.

Requirements and Options for the SFA Collective Unit

In performing any activities with donated foods, the SFA collective unit is subject to the same requirements, and may exercise the same options, as a single SFA. Such donated food activities may include, for example, selection or ordering, receipt and storage, use of donated foods in preparing and serving meals, or the procurement of goods and services from commercial enterprises (e.g., in processing of donated foods). For example, the SFA collective unit:

- May select donated foods and submit such selections to the distributing agency, or, if permitted by the distributing agency, submit orders directly into ECOS;
- May choose to utilize single inventory management—i.e., commingle donated foods and commercially purchased foods in storage and maintain a single inventory record of such commingled foods—unless the distributing agency imposes different requirements;
- Is not required to conduct an annual physical inventory of donated foods, or to reconcile and offset donated food inventory losses, as described in policy memorandum FD-052; and
- Must use donated foods, as far as practical, in school lunches or in other activities of the nonprofit school food service, as described in policy memorandum FD-060.

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(Food Distribution Web Site: www.fns.usda.gov/fdd)

Procurement of Goods and Services from Commercial Enterprises

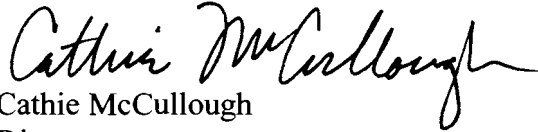
The SFA collective unit may procure goods and services from commercial enterprises (or from other entities, such as private nonprofit organizations) to store donated foods, to process donated foods or purchase finished end products, or to perform other donated food activities. Such procurements must ensure compliance with Federal procurement requirements in 7 CFR Part 3016 or 3019, as applicable, and must also comply with applicable requirements in 7 CFR Parts 210 and 250. All donated food activities to be performed by a commercial enterprise or other entity on behalf of the SFA collective unit must be included in procurement documents, and in contract provisions, as applicable. For example, the procurement may permit a commercial storage facility to store and inventory all donated foods together, or to store such foods together with commercially purchased foods it is storing for the SFA collective unit. However, in order to ensure distribution of donated foods to recipient agencies and recipients eligible to receive them, in accordance with 7 CFR 250.13(d)(1), a commercial storage facility must not commingle such foods with foods it is storing for itself or for another entity.

Distributing Agency Requirements

The distributing agency must ensure compliance with the requirements in 7 CFR Part 250 with respect to SFAs that are performing donated food activities as a collective unit. In order to ensure this, the distributing agency must require each SFA to include the donated food activities to be performed collectively in its distributing agency agreement, in accordance with 7 CFR 250.12(b), or must require the school collective unit to provide such information to it in another format—e.g., in a copy of the school collective unit's agreement or contract. In ensuring compliance with 7 CFR Part 250 requirements, for example, the distributing agency may offer the "commodity offer value" to the school collective unit as a total of each SFA's individual commodity offer value, although it must inform each SFA of its individual assistance level. Once donated foods have been accepted for receipt by the school collective unit, it is responsible for their proper control and use. Hence, any question arising among SFAs with respect to the receipt, control, or use of donated foods must be resolved by the SFA collective unit, in accordance with its agreement or contract, as applicable. Although not mandatory, the SFAs may choose to require separate identification and control of each SFA's donated foods.

The distributing agency may not delegate its responsibilities under 7 CFR Part 250 to the school collective unit—e.g., it may not permit the school collective unit to determine the commodity offer value for each SFA, or to establish the donated food values used in crediting assistance levels. Such activities may only be delegated to a subdistributing agency, in accordance with a separate agreement with the distributing agency. A subdistributing agency is subject to different requirements—e.g., it must separately identify donated foods from other foods in storage and inventory records,

conduct an annual physical inventory of donated foods, and reconcile and offset donated food inventory losses, in accordance with policy memorandum FD-052.



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