



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

DATE: September 02, 2004

Food and
Nutrition
Service

POLICY NO.: FD-037: Food Distribution Program on Indian Reservations (FDPIR), The Emergency Food Assistance Program (TEFAP), Commodity Supplemental Food Program (CSFP)

3101 Park
Center Drive

SUBJECT: Office of Management and Budget Circular A-133 Audit Requirements

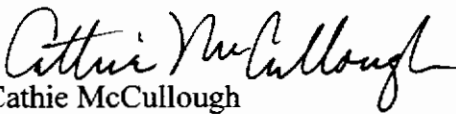
Alexandria, VA
22302-1500

The purpose of this memorandum is to implement the revised threshold for conducting audits, as established in Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Indian Tribal Organizations. The revised threshold is effective for any recipient or sub-recipient's fiscal year that ends on or after January 1, 2004.

In accordance with OMB Circular A-133, any FDPIR, CSFP or TEFAP program operator (recipient or subrecipient) that spends less than \$500,000 in Federal funds, received from one or more Federal sources, during its fiscal year is not subject to the OMB Circular A-133 audit requirements for that fiscal year. Commodities donated by the Department for distribution through FDPIR, CSFP or TEFAP are considered a Federal grant. Therefore, program operators must include the value of such commodities distributed in determining the amount of Federal funds expended.

For FDPIR, a change to Section 1700 of FNS Handbook 501 will be made and forwarded to all Indian Tribal Organizations (ITOs) and State agencies. In the interim, ITOs and State agencies should make appropriate changes to their copies of the FNS Handbook 501.

Additional information relative to Federal audit requirements for State, local and Tribal governments and non-profit organizations that receive direct (recipient) or indirect (subrecipient) financial assistance from USDA can be found in OMB Circular A-133. In addition, specific guidance for the conduct of these audits is provided at 7 CFR Part 3052. USDA will publish a rulemaking to amend 7 CFR Part 3052 to reflect changes in OMB Circular A-133 in the near future.


Cathie McCullough
Director
Food Distribution Division