



District of Columbia
Office of the State Superintendent of Education

USDA FOODS HANDBOOK

A Guide to USDA Foods in District of Columbia Schools

October 18, 2021

Table of Contents

Executive Summary 2

Definitions 2

Regulations and Guidance..... 4

USDA Foods Overview 6

USDA Foods Responsibilities 6

OSSE’s Responsibilities 7

 Determine and communicate PAL for SFAs..... 7

 Ensure SFAs have maximum options available for using their PAL..... 7

 Ensure SFA inventory levels meet regulations 7

 Ensure compliance with food safety and food recall requirements 7

SFAs’ Responsibilities 8

 Determine USDA Foods to Request 8

 Properly Procure Distributors and/or Processors 9

 Receive USDA Foods..... 10

 Monitor Orders to Ensure Steady Drawdown of Inventory 11

 Reconcile Invoices to Ensure Value of USDA Foods Received..... 11

 Follow Recall Guidance..... 13

Value Pass Through Systems 13

Damaged USDA Foods..... 14

USDA Foods Complaints Process..... 14

Reducing USDA Foods Loss..... 15

USDA Foods and Disasters..... 15

Resources 16

Executive Summary

The USDA Foods in Schools Program (USDA Foods or the Program) supports domestic nutrition programs and American agricultural producers through purchases of domestic agricultural products for use in schools and institutions. Nutritious USDA-purchased food is provided to the following child nutrition programs: The [National School Lunch Program \(NSLP\)](#), the [Child and Adult Care Food Program \(CACFP\)](#), and the [Summer Food Service Program \(SFSP\)](#).

More than 200 fully American-grown and produced foods are available for schools use in the NSLP through the USDA Foods program. Available as fresh, frozen, packaged, canned, dried, and bulk, USDA Foods help school food authorities (SFAs) meet meal pattern requirements; increase wholesome offerings of fruits, vegetables, dairy products, and whole grains, lean meats, and other protein options; and offset food service expenses. As the State Distributing Agency (SDA), OSSE is responsible for properly managing USDA Foods for the District of Columbia (DC) and providing guidance to the contracting agencies, recipient agencies, and processors implementing the Program.

Definitions

1. **“BOL”** means Bill of Lading
2. **“CACFP”** means the Child and Adult Care Food Program.
3. **“Child Nutrition Programs”** means The [National School Lunch Program \(NSLP\)](#), the [Child and Adult Care Food Program \(CACFP\)](#), and the [Summer Food Service Program \(SFSP\)](#).
4. **“Direct Delivery”** formerly known as “Brown Box” items are delivered directly to the SFA or its receiving entity.
5. **“Disaster”** means a Presidentially-declared disaster or emergency during which donated foods, also referred to as USDA Foods, may be provided to persons in need of assistance as a result of the disaster or emergency.
6. **“DoD Fresh”** means fresh fruits and vegetables available to eligible schools participating in NSLP through the Department of Defense (DoD) Fresh Fruit and Vegetable Program.
7. **“Donated Foods”** means foods purchased by USDA for donation in food assistance programs, or for donation to entities assisting eligible persons, in accordance with legislation authorizing such purchase and donation. Donated foods are also referred to as USDA Foods.
8. **“End product”** means a food product that contains processed donated foods.
9. **“Entitlement”** means the value of donated foods a distributing agency is authorized to receive in a specific child nutrition program, in accordance with program legislation.

10. **“Food recall”** means an action taken to remove foods from commerce where there is reason to believe the products may be unsafe, adulterated, or mislabeled, with a goal of protecting the public from products that may cause health problems or possible death.
11. **“FSMC”** or Food Service Management Company, means a commercial enterprise or a non-profit organization which is or may be contracted with by the SFA to manage any aspect of the school food service.
12. **“FFAVORS”** means the Fresh Fruit and Vegetable Order Receipt System by which DoD Fresh produce is ordered.
13. **“FFVP”** means the Fresh Fruit and Vegetable Program that provides all children in participating schools with a variety of free fresh fruits and vegetables throughout the school day. It is an effective and creative way of introducing a variety of fresh fruits and vegetables as healthy snack options.
14. **“FNS”** means the Food and Nutrition Services at the USDA.
15. **“NSLP”** means the National School Lunch Program.
16. **“Planned Assistance Level” (PAL)** means the total value of donated foods available to eligible schools based on prior year participation in NSLP or an estimate provided by the State Agency.
17. **“Processing”** means a commercial enterprise’s use of a commercial facility off-site from an SFA to convert USDA Foods into an end product, repackage USDA Foods, and/or to use USDA Foods in preparation of meals.
18. **“Processor”** means any commercial facility which processes USDA Foods off-site for an SFA, except an SFA providing meals for another SFA.
19. **“Recipient Agency” (RA)** means schools, institutions, and other public or private agencies determined as eligible to receive USDA Foods by OSSE or an SFA.
20. **“SDA”** means State Distributing Agency and in the case of this document, refers to the DC Office of the State Superintendent of Education (OSSE).
21. **“SEPDS”** means Summary End Product Schedule and is a list of all approved products offered by a processor, including information about the USDA Foods being processed and the weight, number of servings, and amount of donated food per case. SEPDS are available to states and RAs.
22. **“SFA”** means School Food Authority, which is the governing body responsible for the administration of one or more schools, and that has the legal authority to operate NSLP or be otherwise approved by FNS to operate NSLP.
23. **“SFSP”** means Summer Food Service Program.

24. **“Transfer”** means the physical or paper movement of USDA Foods product by an eligible recipient agency to another eligible recipient agency which may occur with or without use of entitlement.
25. **“USDA”** means the United States Department of Agriculture.
26. **“USDA Foods”** means foods purchased by USDA for donation in food assistance programs, or for donation to entities assisting eligible persons, in accordance with legislation authorizing such purchase and donation. USDA Foods are also referred to as donated foods.
27. **“Value Pass Through System”** means a method used by a distributor or processor to ensure that the full value of the USDA Foods contained in an end product is passed on to the eligible purchasing recipient agency.
28. **“Vendor”** means a successful bidder who is awarded a contract by an SFA under the Child Nutrition Programs. Examples of vendors include processors, distributors, and businesses.
29. **“WBSCM”** means Web-Based Supply Chain Management which is an internet-based system used by USDA, SDAs, and SFAs to request and track USDA Foods.

Regulations and Guidance

- [7 CFR 250: DONATION OF FOODS FOR USE IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS AND AREAS UNDER ITS JURISDICTION](#)
- [FD-020: Single Inventory and Related Commodity Issues—Clarification of Regulatory Changes and Other Guidance](#)
- [FD-023: Accounting for Donated Foods in Cost-Reimbursable Contracts Between School Food Authorities and Food Service Management Companies](#)
- [FD-049: Substitution and Valuation of USDA Cheese](#)
- [FD-054: Monthly Performance Report Correction](#)
- [FD-061: Inbound Cheese to Further Processors Revised](#)
- [FD-064: Management of USDA Food Inventories at Processors](#)
- [FD-067: School Food Authorities Acting as a Collective Unit in the Control and Use of Donated Foods \(Revised\)](#)
- [FD-089: Clarification of State Agency Review Requirements for Donated Foods in the National School Lunch Program and Other Child Nutrition Programs](#)
- [FD-104: Value of USDA Donated Foods for Audits \(Revised\)](#)
- [FD-107: Donated Food Storage, Distribution, and Product Dating \(Revised\)](#)
- [FD-110: Further Clarification in Crediting for, and Use of, Donated Foods in Contracts with Food Service Management Companies](#)
- [FD-119: Soliciting Bids from Commercial Distributors for End Products](#)

- [FD-122: Substitution of Donated Foods in Advance of Purchase and Negative Inventories](#)
- [FD-125: Offering School Food Authorities the Required Value and Variety of USDA Foods, and Efficient and Cost-Effective Distribution](#)
- [FD-127: Approval of End Products and Monitoring of End Product Sales](#)[FD-080: Guidance in Crediting for, and Use of Donated Foods in Contracts with Food Service Management Companies](#)
- [FD-129: USDA Foods Bone-in-Chicken Products](#)
- [FD-133: School Food Authorities Purchasing Produce from Department of Defense Vendors using Section 4 and 11 FFVP Funds](#)
- [FD-134: Minimum Inventory Protection Requirements for Processors Participating in the National Processing Program](#)
- [\(DC\) NSLP Memo #21-15: Options to Utilize USDA Food Entitlement Funds](#)
- [\(DC\) NSLP Memo #22-15: Value of USDA Food Orders Received](#)

USDA Foods Overview

The USDA Foods program provides a variety of nutritious USDA-purchased food to child nutrition programs like NSLP. USDA allocates entitlement funds to OSSE to request USDA Foods as part of administering NSLP. The total annual entitlement for DC is determined by multiplying the total number of NSLP lunches claimed in DC between July 1 and June 30 of the previous school year by the [per meal rate published by USDA](#). Once DC's entitlement has been assigned, OSSE determines the fair share percentage for each SFA that has participated in NSLP and/or SFSP for at least one school year. This value, called the planned assistance level (PAL) is determined by applying the SFA's fair share percentage of lunch meals served by the total entitlement available to OSSE. These funds can help offset food service expenses in preparing NSLP reimbursable meals and snacks by purchasing fresh produce through DoD Fresh or a variety of products as detailed by [USDA Foods Available List](#). PAL can only be used to obtain USDA Foods; it cannot be used to purchase food on the commercial market.

SFAs can elect to use their PAL for USDA Foods through three channels:

1. **Direct Delivery:** Formerly known as “brown box”, these items are the non-highlighted items listed in the [USDA Foods Available List](#) and are delivered directly to the SFA or its receiving entity monthly, quarterly, or annually. While there are some changes from year to year, these are typically canned, frozen, or dried fruits and vegetables, frozen beef and poultry, cheese, and grains. There is also a selection of value added direct delivery products that have been further processed to reduce labor, preparation, and/or cooking time of the product, and may include additional ingredients like seasonings. Examples of value added direct delivery products include frozen fruit cups, salsa, deli turkey and ham, ready-to-use cheese products, and whole grain products such as pancakes, pasta, and tortillas.
2. **Bulk for Further Processing:** These items are highlighted in the [USDA Foods Available List](#) that are delivered to a processor monthly, quarterly, or annually to become end products. While there are some changes from year to year, these are typically fruits, vegetables, beef, poultry, cheese, and grains that are ordered and shipped to a processor to turn into ready-to-eat end products. For example, an SFA may order bulk chicken that is sent to a processor to become chicken patties or nuggets.
3. **DoD Fresh:** Fresh fruits and vegetables are available for weekly ordering through the DoD Fresh Program. SFAs can elect to put all, a portion, or none of their PAL in the online ordering system, FFAVORS, to order DoD Fresh. USDA and the Department of Defense work together to procure the vendor and manage the operation of DoD Fresh. SFAs have access to a weekly catalog within FFAVORS that outlines the variety of American-grown fresh produce available each week. As produce orders are delivered, the SFA's PAL is drawn down. Note: DoD Fresh is NOT the same program as the Fresh Fruit and Vegetable Program (FFVP).

Additionally, when experiencing a surplus, USDA can elect to make bonus items available. The value of these items does not count against SFA's PAL; however, other charges may still apply.

USDA Foods Responsibilities

OSSE and SFAs work together to ensure the integrity and effectiveness of the USDA Foods program. Generally, OSSE as the SDA is responsible for the administration, inventory management, order processing, compliance and monitoring of USDA Foods within DC schools. SFAs are responsible for effectively using their PAL through proper inventory management and recordkeeping. The lists below further outline the USDA Foods responsibilities of OSSE and SFAs.

OSSE’s Responsibilities

OSSE’s USDA Foods Responsibilities
Determine and communicate PAL for SFAs
Ensure SFAs have maximum options available for using their PAL
Ensure SFA inventory levels meet regulations
Ensure compliance with food safety and food recall requirements

Determine and communicate PAL for SFAs

Once DC’s entitlement has been assigned, OSSE determines the PAL for each SFA that has participated the National School Lunch Program or other reimbursable meal program. An SFA’s PAL is determined by applying the SFA’s fair share percentage of reimbursable lunches served by the total entitlement available to DC. This information is sent to SFAs via the Estimated PAL Notification.

Ensure SFAs have maximum options available for using their PAL

OSSE will work with SFAs throughout the year to help them meet their USDA Foods goals. In the Spring, when SFAs request USDA Foods for the following school year, OSSE can help SFAs consolidate orders to meet minimum ordering requirements or suggest tools like the [USDA’s Food Cost Analysis Tool](#) to compare costs of USDA Foods and to forecast for the year.

OSSE makes USDA Foods requests on behalf of SFAs in Web-Based Supply Chain Management (WBSCM) and may group requests for SFAs unable to meet minimum order requirements on their own or to identify products in other states available to DC SFAs.

Finally, because OSSE is responsible for ensuring that 95%-105% of DC’s entitlement is spent, the PAL that each SFA receives may increase or decrease over the course of the year. SFAs that are not on track to spend their full PAL will have funds reallocated to SFAs demonstrating an ability to use additional funds.

Ensure SFA inventory levels meet regulations

It is OSSE's responsibility to manage usage of USDA Foods and to remain below a six month on-hand inventory. OSSE will support SFAs in maintaining an inventory of USDA Foods that can reasonably be used in six months within one school by reviewing USDA Foods requests for reasonableness. When SFAs submit requests for USDA Foods, OSSE will review current USDA Foods balances. If needed, SFAs must provide justification for requests in excess of that determined reasonable by OSSE. OSSE will also provide periodic updates to SFAs on USDA Foods utilization throughout the school year.

Ensure compliance with food safety and food recall requirements

A food recall occurs when a food has been determined to be potentially unsafe for consumption and is therefore removed from food distribution, sale, storage, and/or service to protect consumers. Food recalls occur for a number of reasons including adulteration, mislabeling, and package failure.

It is OSSE’s responsibility to ensure OSSE and SFAs are meeting food safety and food recall requirements. In the event of a food recall of USDA Foods, OSSE will send a recall notification and request for information, first via email and then by telephone if no response is received, to the affected SFA’s identified food safety coordinator. The recall information will provide the name of the material, affected lot numbers, and any other product information available.

SFAs’ Responsibilities

SFAs’ USDA Foods Responsibilities
Determine USDA Foods to request
Properly procure distributors and/or processors
Receive USDA Foods
Monitor orders to ensure steady drawdown of inventory
Reconcile invoices to ensure value of USDA Foods received
Follow recall guidance

Determine USDA Foods to Request

Early in the calendar year, OSSE will send each SFA an Estimated PAL Notification to inform the SFA of their estimated USDA Foods funds for the next school year. OSSE will also send instructions for requesting direct delivery and/or bulk for further processing USDA Foods including specific timelines, the USDA Foods Available List, product information sheets for new products, and the Average Material Price spreadsheet from USDA. As a note, while often referred to as “ordering” USDA Foods, there is no guarantee that USDA will buy or deliver items requested by states. So, while an SFA may think it is “ordering” USDA Foods, the SFA is, in fact, placing requests for the items and quantities it wants.

Because OSSE currently enters requests for SFAs, those interested in USDA Foods can expect to receive from OSSE a spreadsheet early in the calendar year listing the full catalog of USDA Foods available for the upcoming school year. SFAs should be prepared to identify the quantity of products (in cases or pounds) they are requesting, the school or processor location where it should be shipped, and the delivery date. Please note that selecting processors must occur following proper procurement procedures.

When deciding which USDA Foods to request, SFAs should consider a number of factors:

- Use **historical data** such as inventory counts, meal counts, or production records to forecast which USDA Foods might support historically popular menus and to determine the quantity of product needed for a given period of time.
- It is the SFA’s responsibility to request USDA Foods that can reasonably be used over the course of the school year. Using a **cycle menu** to forecast needs for common items like chicken or cheese will help increase the likelihood that materials ordered will be used.
- While PAL funds can cover the cost of the USDA Food item itself, most products involve **additional fees** for processing, storage, delivery, or other services. Any such additional fees must be covered by the vendor or distributor. SFAs should inquire with any service providers about these potential additional out-of-pocket costs when comparing USDA Foods to items available on the commercial market.

- **Storage capacity** may be a limiting factor for some SFAs. For example, direct delivery items may not be a realistic option for an SFA with limited dry or cold storage. In that case, DoD Fresh weekly deliveries may be a better choice.
- Direct delivery items have a **minimum order** amount of one-quarter of a full semi-truck. As an example, one full truckload of shelf-stable applesauce cups is 1,400 cases, making the smallest allowable request 350 cases of applesauce cups. With an estimated case price of \$16.50, 350 cases would use \$5,775 of PAL. For some SFAs, a donated food value of this amount may surpass their total PAL.
- If considering bulk for further processing items, many processors have spreadsheets or other **commodity calculator** tools to assist in determining how many pounds of raw product need to be sent to a processor to make the products of interest. Alternatively, **SEPDS** are available for each processor and contain all products that use USDA Foods as well as the number of pounds of USDA Foods used per case of product.
- To properly manage inventory and usage onsite or with contracted distributors, consider **spreading deliveries throughout the school year**. As a general rule, USDA Foods follows the schedule below:
 - o Monthly: Beef, pork, poultry, cheese
 - o Quarterly: Grain, peanut, oil, bulk tomato paste, dried beans
 - o Semi-annually: Potatoes, apples, pollock
 - o Annually: Seasonal fruits and vegetables

Properly Procure Distributors and/or Processors

As with all procurement for Child Nutrition Programs, USDA Foods is governed by federal requirements necessitating that all procurement must be fair, open, and competitive and that all awards made must be made only to responsive and responsible bidders. Sound competitive practices are established procedures that are consistently followed resulting in procurements that are conducted fairly, with integrity, and uniformly so that the foods and services procured meet the needs and quality standards of the purchaser at the best possible price. Sound competitive practices foster full and open competition and are free from real and perceived conflicts of interest. OSSE has developed solicitation templates for SFAs [here](#) that include required and optional language for procuring USDA Foods. More information about procurement in the Child Nutrition Program more generally is available [here](#).

The following practices pertain specifically to procurement of USDA Foods.

- **Factors used for evaluation:** Factors used to evaluate and determine the winner of a bid might include years of experience in processing, existence of current processing agreements, evidence of no prior food safety issues, compliance with reporting and record-keeping, and existing systems or plans to manage and communicate inventory status, such as using a recognized third-party software system.
- **Product specifications:** A solicitation including the use of USDA Foods should include language about which products will be processed and arrangement for further processing. Language about offering items that have commercial equivalents so there is consistency throughout the bid term regardless of USDA Foods usage is recommended.
- **Yield:** Because there are several methods for calculating the yield of USDA Foods in processing, it is recommended to request documentation of the method used or to request the bidder submit a copy of the current, approved SEPDS which includes the yield calculation.
- **Quantity desired:** To the extent possible, solicitations should include a realistic estimate of the quantity of each USDA Foods item in the bid. Actual purchases may be contingent on the availability of USDA Foods items used in producing the items, however, and language describing that contingency should also be included. If

both USDA Foods and commercial products are included in the bid, include language that requires delivery of the USDA Foods item whenever available.

- **Value pass through systems:** Described in further detail below, value pass through (VPT) systems ensure the eligible SFA receives the full value of the USDA Foods. Bidders should identify which OSSE-approved VPT system they use.
- **Record keeping:** The solicitation should request information about which method the bidder uses to track USDA Foods items and their associated value.
- **Title to product:** Title of USDA Foods transfers to the SFA upon acceptance of USDA Foods at the time and place of delivery. Include language in the solicitation that responsibility of USDA Foods products transfers to the SFA once they have been received by the SFA or an approved distributor. Similar language should also be included in any storage or distribution bids involving USDA Foods.
- **Buy American:** While all USDA Foods are required to be produced and packaged domestically, [federal regulations](#) require that all procurements clearly state the Buy American requirement that all goods purchased for the school meal program must be predominantly produced, processed, and packed in the United States.
- **FSMC:** When soliciting the services of a FSMC, language outlining [federal regulations](#) for usage, storage, and control of USDA Foods must be included.
- **Third-party distributor:** When a third-party distributor is to serve as a SFA's receiving location, the contract between the distributor and SFA should clearly state all liabilities and responsibilities association with USDA Foods including the delivery and storage of those items. The SFA remains responsible for the pass through value and the fee for service of the USDA Foods stored at the distributor and must recover costs for USDA Foods lost or damaged from the distributor.

Note: Regulations require that in all procurements of processed end products containing USDA Foods, procurement documents must include the following information: the price to be charged for the end product or other processing service; the method of end product sales that will be utilized and assurance that crediting for donated foods will be performed in accordance with applicable requirements; the value of the USDA Foods in the end products; and the location for the delivery of the end products.

Receive USDA Foods

USDA Foods may arrive at an SFA at different frequencies. Direct delivery or bulk for further processing USDA Foods may only come once or a few times during the school year, while DoD Fresh produce may arrive weekly. USDA Foods may also arrive through a variety of channels. Some SFAs may receive direct delivery USDA Foods, bulk for further processing USDA Foods, or DoD Fresh on site. Other SFAs may have a processor, distributor, vendor, or FSMC receive USDA foods on behalf of the SFA. In these situations, the SFA must have proper documentation designating receiving responsibilities to the processor, vendor, FSMC, or distributor.

No matter the frequency or channel of delivery, receiving USDA Foods occurs in two phases. The first phase occurs when the USDA Foods products are delivered.

Phase 1: Receive delivery

1. Verify the type of USDA Foods received are the same as listed on the receipt or Bill of Lading (BOL). Note all substitutions on receipt or BOL.

2. Verify the number of USDA Foods received is the same as listed on the receipt or BOL. Note any shortages or overages on receipt or BOL.
3. Visually check for signs of damage. Note damage on receipt or BOL.
4. Request delivery personnel verify substitutions, shortages, overages, and/or damages.
5. Complete delivery by signing receipt or BOL. Once signed, the SFA or representative signing on behalf of the SFA is responsible for and the owner of the USDA Foods.

Note: If at any time during the delivery process significant discrepancies in quantity or damage is noted, stop the receiving process and notify OSSE immediately.

Once received, USDA Foods must be properly receipted to verify the delivery occurred. This is the second phase of receiving USDA Foods.

Phase 2: Receipt delivery

1. Receipt actual quantity and condition of USDA Foods received in WBSCM, FFAVORS, or by emailing OSSE within required timeframe.
 - a. In WBSCM, USDA Foods must be receipted within two calendar days of receiving the delivery.
 - b. In FFAVORS, DoD Fresh must be receipted within seven calendar days of receiving the delivery.
 - c. An entity receiving USDA Foods without access to WBSCM or FFAVORS must email OSSE within one calendar day of receiving the delivery.
2. If applicable, send a description and photo of noted discrepancies in quantities or damage to OSSE.

Monitor Orders to Ensure Steady Drawdown of Inventory

OSSE and SFAs must work together to ensure inventory of direct delivery and bulk for further processing USDA Foods is drawn down at an approved rate to ensure the inventory does not exceed a six-month supply. Once received, SFAs can use third-party tracking programs like ProcessorLink and K12 FoodService to confirm which processed products are available and which may need increased usage to bring down inventory to a reasonable supply. In the event an SFA develops an inventory exceeding a supply that can reasonably be utilized within the school year, OSSE will request a detailed plan outlining utilization of each item until inventory levels fall below a six month supply. If inventory continues to be beyond a six month supply, OSSE will initiate a transfer of such inventory to other schools within DC or to another state.

Reconcile Invoices to Ensure Value of USDA Foods Received

SFAs will receive an annual reconciliation notification from OSSE about the total value of USDA Foods received. Using the reconciliation notification, SFAs can ensure their records reflect proper crediting. The reconciled value from OSSE should reflect direct delivery and bulk for further processing USDA Foods. Note that an SFA’s PAL may be lower than the USDA Foods value received if the SFA has received additional USDA Foods, or the SFA’s PAL may be higher than the USDA Foods value received if funds were reallocated to other SFAs during the school year. An example of PAL being lower than the USDA Foods value received is below:

DC Public Charter School	
Planned Assistance Level	
Estimated (January 2018 Notification)	\$18,088
Final (December 2018 Notification)	\$18,945

USDA Foods Value Received	
DoD Fresh Value Received	\$15,548.18
USDA Foods Value Received	\$5,055.57
Total USDA Foods Value Received	\$20,603.75

All SFAs must have records of USDA Foods received and must reconcile or compare the USDA Foods value received in those records to the number listed as “Total USDA Foods Value Received” in the table included in the reconciliation notification. The steps for reconciling USDA Foods value received will differ according to an SFA’s model of service.

Reconciling process for self-preparation SFAs:

- **Records:** Validate orders received by monitoring order printouts from FFAVORS, WBSCM, and/or K12 and ProcessorLink, as well as delivery receipts for USDA Foods, including DoD Fresh.
- **Reconciliation:** To compare USDA Foods value received to order printouts and delivery receipts:
 1. Review printouts and delivery receipts from FFAVORS for DoD Fresh and delivery receipts from USDA Foods bulk for further processing from the prior school year.
 2. Calculate the sum total value of USDA Foods, including DoD Fresh, listed on these records.
 3. Ensure the calculated total value received matches the number listed as the “Total USDA Foods Value Received” in the table above.
 4. Address discrepancies with OSSE.

Reconciling process for SFAs working with Food Service Vendors or Food Service Management Companies (FSMCs):

- **Records:** Review invoices and/or payments from the meal service provider for USDA Foods, including DoD Fresh credits.
- **Reconciliation:** To compare USDA Foods value received to invoices and/or payments from the food service vendor or FSMC:
 1. Review all invoices from food service vendor or FSMC from the prior school year.
 2. Calculate the sum total value of USDA Foods, including DoD Fresh, received via net off invoice or direct discount. Some vendors and FSMCs provide an annual summary document.
 3. Ensure the calculated total value received matches the number listed as the “Total USDA Foods Value Received” in the table above.
 4. Address discrepancies with food service vendor or FSMC.

USDA Regulations require that SFAs maintain the following records related to the processing of donated foods for a period of three years from the close of the fiscal or school year to which they pertain:

- Receipt of end products purchased from processors or distributors
- Crediting for the value of donated foods contained in end products
- Recipient Agency Processing Agreements, as applicable
- Procurement documents, as applicable

Please note, records pertaining to claims or audits which remain unresolved in this period of time must be retained until such actions have been resolved.

Follow Recall Guidance

Each SFA is responsible for appointing a food safety coordinator and providing the name and contact information of that individual to OSSE through the NSLP application in Orchard. Note that while information about a food recall may also be communicated by a processor, distributor, or even the media, for USDA Foods recalls, it is imperative that SFAs work with OSSE to ensure the recall is addressed properly. Be prepared for a USDA Foods recall by developing and [training staff](#) on recall procedures.

In the event of a food recall of USDA Foods, OSSE will send a recall notification and request for information, first via email and then by telephone if no response is received, to affected SFA's identified food safety coordinator. The recall information will provide the name of the material, affected lot numbers, and any other product information available. First the SFA should notify all sites of the recall and confirm receipt of the notification, isolate recalled product, and label product "Do not use." The SFA is then required to provide to OSSE as soon as possible, but no later than 24 hours after receiving the recall notification the location and quantity of affected product in inventory and the quantity of affected product already consumed and document reimbursable costs. Timely receipt of product location and quantity is required for the SFA to be reimbursed. If applicable, the SFA and OSSE will work together to involve contracted storage facilities to determine the appropriate method and timeframe for handling recalled products. Any documentation regarding a USDA Foods recall should be maintained on file for three years plus the current year.

USDA has developed a [checklist](#) of responsibilities surrounding a USDA Foods recall. Further information about USDA Foods recall can be found [here](#).

Value Pass Through Systems

Federal law requires that SFAs receive the full value of their USDA Foods contained in end products. The transfer of value is fairly straightforward with direct delivery items shipped right to an SFA; however, when a processor or distributor is involved in ordering or receiving, proper crediting may be more complicated. A value pass through (VPT) system ensures the eligible SFA receives the full value of the USDA Foods. When implementing a VPT system, a written agreement outlining the business practices and responsibilities of all entities involved will foster a clear understanding of the roles of each party. The table below outlines the most common VPT systems. Alternative methods may be allowable with prior approval from USDA FNS and OSSE.

VPT System	Description
<i>Refund or Rebate to SFA</i>	SFA orders and pays the full price of approved end products. Upon proof of delivery to the SFA, the processor issues a check for the value of the USDA Foods contained in the product received.
<i>Direct Discount to SFA</i>	Processor sells end products to the SFA at a net price that incorporates a discount from the commercial case price for the value of USDA Foods contained in the end products.

<p><i>Indirect Discount (NOI) to SFA</i></p>	<p>Processor sells commercial products to distributors at the full commercial price. The distributor then sells eligible end products to SFAs subtracting or net of the value of the USDA Foods included.</p>
<p><i>Fee for Service – Direct Ship to SFA, billed by distributor, or billed by authorized agent</i></p>	<p>SFA is charged separately for the value of the USDA Foods and additional costs or services such as the cost of additional ingredients, processing, or delivery to identified location. This may occur through separate invoices or through separate line items on a single invoice.</p>

Damaged USDA Foods

Damaged foods include those with contamination, spoilage, deterioration and/or infestation. Damaged food that is still usable for human consumption shall be salvaged and accepted for program use. Damage to containers, without damage to food, should be remedied by mending or replacing the containers before storing. If canned goods are exposed or leaking, they will not be considered salvageable. Seriously rusted or swollen cans are also not considered salvageable.

All incidents of USDA Foods problems must be reported to OSSE immediately. OSSE will determine the disposition of foods that are not salvageable and authorize the SFA to proceed with handling the damaged goods, and/or perform salvage operations. In cases where out-of-condition food presents an immediate health hazard, SEPARATE FOOD IMMEDIATELY AND MAKE SURE IT CANNOT BE MISTAKENLY USED, then contact OSSE. OSSE will ensure SFAs obtain an inspection of the out-of-condition foods by State or local health authorities to determine their safety and condition, as necessary, or as directed by Food and Nutrition Services (FNS).

USDA Foods Complaints Process

While USDA aims to provide high-quality products and services to SFAs, problems do occur. When SFAs identify a problem with a USDA Foods items not meeting expectations, the SFA should contact OSSE with the following information along with a photo if possible:

- Sales order number
- Vendor and product
- Description of issue
- Quantity of unacceptable product
- Contact information
- Injuries, illnesses, or allergic reactions, if applicable

OSSE will decide whether the complaint can be solved at the State level or if the complaint needs to be registered through USDA’s protocols.

Reducing USDA Foods Loss

In order to guarantee its quality and safety, SFAs are responsible for the proper storage and protection of USDA Foods. Every effort must be made to reduce products' spoilage, damage, theft, or other loss. This protection not only ensures quality products are distributed; it also protects SFAs from claim action by USDA or OSSE to recover the value of the spoiled or lost product. Premature deterioration of food products is often the result of improper storage conditions and practices. Food storage areas must maintain USDA Foods in sanitary conditions, at the proper temperature and humidity, and with adequate circulation. SFAs must obtain all required health inspections and ensure that USDA Foods storage and storage facilities comply with all Federal and DC requirements relative to [food safety and health](#).

Proper storing of USDA Foods should safeguard against theft and other illegal action, for example the selling of commodities. In the event of theft or illegal action involving USDA Foods, the incident must be reported to OSSE immediately. The SFA must provide the location where the incident occurred, amount of commodity involved, and a contact name and phone number of an appropriate representative.

The incident must be reported to the police. A copy of the police report must be submitted to OSSE and a copy must be placed on file at the SFA and maintained for three years from the close of the federal fiscal year to which it pertains. In the event of an audit or litigation, affected records must be retained until resolution is achieved.

USDA Foods and Disasters

In the event the President declares a situation to be a national disaster, SFAs may be required to operate as feeding sites or to make food available for meal sites. If an SFA is required to provide meals and/or has food appropriated for a presidentially-declared national disaster, the SFA must document USDA Foods used and the number of people served to receive reimbursement from USDA. While approval from OSSE is not needed to serve USDA Foods in the event of a presidentially-declared national disaster, meal count information should be reported to OSSE as soon as possible. A presidentially-declared national disaster is different from a situation of distress in which the President has not declared a disaster. OSSE and USDA approval is required to use USDA Foods for congregate meal service during a situation of distress. Be prepared for an emergency or disaster by maintaining a contact list of important phone numbers of SFA, OSSE, and other local disaster points of contact. Because disasters can happen at any time, ensure access to the contact list is not limited to being in the office. Store information on a mobile device and/or print off information and post at home to be fully prepared. More information about using USDA Foods during disasters is available in the [USDA Foods Program Disaster Manual](#).

Resources

American Commodity Distribution Association (ACDA)

The American Commodity Distribution Association (ACDA) is a non-profit professional association devoted to the improvement of the USDA's commodity distribution system. ACDA members include association agencies that distribute USDA commodities; agricultural organizations; recipient agencies, such as schools; industry groups, such as food manufacturers and processors; and allied organizations, such as non-profit anti-hunger groups.

<http://www.commodityfoods.org/about>

OSSE's Health and Wellness Training and Resources Page

The Division of Health and Wellness and USDA provide training and resource materials for all Child Nutrition Programs and Services in the District of Columbia.

<https://osse.dc.gov/page/health-and-wellness-training-and-resources>

USDA Food Distribution Programs

USDA's Food Distribution Programs page includes information about the [DoD Fresh Fruit and Vegetable Program](#), [USDA Foods in Schools](#), and other related programs.

<https://www.usda.gov/topics/food-and-nutrition/food-distribution>