

Letterhead

To: Food Service Supervisors

From: Terry Minton
Administrator

Date: September 10, 2001

Subject: Tennessee Department of Agriculture Guidance for Single Inventory Record Keeping System

USDA is expanding the practice of allowing vendors to use commercial labels on commodity items. Maintaining separate inventories for commodities and purchased goods will grow more difficult as this practice increases. USDA has been piloting a record keeping system that would eliminate the need for separation and is now offering States the opportunity to use a single inventory record keeping system on a voluntary basis beginning with the current school year (SY 2001-2002). We are enthusiastically choosing to implement this system.

Enclosed are two memoranda, one that provides information from "USDA Policy Memo 250.14-03 and 210.09-08: Commercial Labels" dated July 23, 2001, and one from Tennessee Department of Education's Division of Local Finance and Auxiliary Services. Those two documents, along with this guidance from Tennessee Department of Agriculture, must be kept on file for audit and review purposes.

By September 30, 2001, the following procedures should be implemented. If you need an additional month to make the transition, please notify me by mail or email that you will implement the system by October 31, 2001. We intend to treat this as a transition year and will provide regular updates throughout the school year. My office will handle questions regarding commodity inventory procedures and the Department of Education Office of Local Finance will handle all questions regarding accounting.

Single Inventory Record Keeping

1. You are no longer required to keep separate commodity inventory reports. Commodities will be included in your regular monthly inventory of purchased foods.
2. You will no longer identify commodities separately on your daily production records. (A case of green beans is a case of green beans).

3. We will not perform inventory reconciliation during school visits, but will review for good inventory management practices. Safeguard commodities as you do purchased foods by practicing principles of good inventory management and control. Writing the received date on commodities will help with First In, First Out (FIFO).
4. A commodity food loss will be treated as a purchased food loss. You will not call our office for a claim or to report the loss. However, please feel free to contact us if you need assistance or guidance.
5. The inventory value of a commodity received will be the same as an equivalent purchased product (a case of USDA 6/#10 Green Beans will be the same as a purchased case of 6/#10 Green Beans). For a commodity with no purchased equivalent, the list of values we provide to you at the start of the school year will be used.
6. Commodities can still be used in disaster feeding. You will contact our office for guidance should the need arise.
7. You may use commodities across programs as long as the income accrues to the school food service account.
8. Once you have received the commodity, we will not be involved in arranging or accounting for transfers between like agencies. We strongly recommend you contact us if you are not certain of an agency's eligibility. We will continue to assist with transfers requested while commodities are still in the warehouse. As always, it is preferable that you refuse commodities you cannot use prior to allocation.
9. USDA will issue food holds and recalls giving identifying can codes and establishment numbers.
10. For a complaint on an item no longer in USDA packaging, the school district should start by contacting the manufacturer who will be able to identify whether the product was packed for USDA. If the product is a commodity, you should contact our office for assistance in reporting the complaint.

As I mentioned at the start of this guidance, the three memoranda included in this mailing must be kept on file for audit and review purposes. Together, they will provide the information your auditors will need regarding USDA's waiver.

This is a big change in the way we handle commodities, so I ask that we all start with the understanding that there will be some things we will learn as we go. If questions arise, we will work through them together. This is an incredible opportunity to streamline record keeping and we are committed to helping you make it work.