



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

Food and
Nutrition
Service

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Center Drive

Alexandria, VA
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DATE: April 21, 2006

POLICY NO: FD-056: Commodity Supplemental Food Program (CSFP)

SUBJECT: Physical Inventory - Required Frequency

The purpose of this memorandum is to clarify the required frequency of physical inventories, per the recently revised program regulations at 7 CFR Part 247. Section 247.28(b) of the current regulations requires that a physical inventory be conducted annually at each storage and distribution site where commodities donated by the Department of Agriculture for distribution through the CSFP are stored. The results of the annual physical inventory must then be reconciled with inventory records, and maintained on file by the State or local agency.

Per section 247.29(b)(2), the CSFP State agency must report the receipt and distribution of commodities, as well as beginning and ending inventories and other commodity data on a monthly basis via the FNS-153, Monthly Report of the Commodity Supplemental Food Program and Quarterly Administrative Financial Status Report. The report form instructions require that the beginning inventory number reflect those foods physically located at State and local storage and distribution site(s). Commodities "physically located" do not include any commodities that have been ordered but not yet received by the site. Information regarding on-site commodity inventory can be obtained from inventory records maintained at the State and local level. Therefore, a physical inventory of all commodities on a monthly basis is not required.

Although current regulations do not require a monthly physical inventory, CSFP State agencies may, at their own discretion, conduct or require a physical inventory more often than annually. In addition, and in order to prevent duplication of effort, CSFP State agencies may incorporate

the required annual physical inventory into their on-site management reviews, which must be performed at least once every two years per section 247.34(a).

A handwritten signature in black ink, reading "Cathie McCullough". The signature is written in a cursive, flowing style.

Cathie McCullough
Director
Food Distribution Division