



Kentucky Department of Agriculture *A Consumer Protection And Service Agency*

POLICY MEMORANDUM – KY-FD-PM-S-08-04

TO: Food Service Directors / Administrators

FROM: Teresa Ulery, Director
Division of Food Distribution

DATE: June 30, 2008

SUBJECT: USDA's Regulation Implementing A-133 Auditing Procedures

This memorandum is to inform you and the designated auditing firm of the mandate outlined by USDA Food and Nutrition Service (FNS) directing this office to select a valuation option to assess your districts donated commodities, specifically CFDA 10.555-Commodity Food Donation. Under USDA's regulations implementing A-133 (Audit Compliance Supplement) of 7 CFR section 3052.205(g) and 7 CFR section 250.13 (a) (5) directs a Recipient Agency (RA) operating the National School Lunch Program under CFDA 10.555, to comply with this office's prescribed commodity valuation option for determining it's commodity entitlement allocated to the RA and to follow FNS guidance for purposes A-133 audits.

This mandate is effective June 30th, 2008 directing recipient agencies that receive \$500,000 or more in "**Total**" Federal assistance to comply with this directive; the majority of RA's operating under the NSLP fall under this threshold. If you are not sure your agency meets this requirement or threshold amount contact your fiscal administrator or auditing firm responsible for auditing the district. If your agency meets the above mentioned criteria you are required to provide the auditing firm responsible with a copy of the Requisition Ent/ Bonus Summary Report located in Electronic Commodity Ordering System (ECOS) showing the "**Total**" amount of commodity dollars allocated to the district including Bonus and Processing (where applicable), for the specific auditing period (July 1 through June 30).

Please submit a copy of the completed audit report to this office for review no later than 30 days after receipt of the completed financial audit report from your auditing firm. Should you have questions or concerns pertaining to specifics within this memorandum, please direct them to Steve Castanis at steve.castanis@ky.gov

