Good morning SFSAs,

With the sudden closing of schools and the transition to grab and go meals, the foods and supplies you are using and ordering changed significantly in mid-March. Due to this change, many SFAs have larger than normal inventories of purchased food, supplies, and USDA Foods. This will result in the value of your inventories being much higher than normal.

High inventory levels may result in your District’s independent auditor declaring them “Material to the financial statements”. The independent auditor may require additional procedures regarding inventory due to this designation. Failure to meet auditors’ requirements may result in the District’s financial audit being “qualified” due to a "material weakness". To prevent this possibility, we suggest the following:

- Discuss inventory levels and value with your District’s Business Manager immediately
- Request additional required procedures, if any, from the independent auditor
- Take inventory now, as you transition from Unanticipated School Closures to SFSP
- Organize your inventories. The easier it is for staff and/or an auditor to find items, especially in a freezer, the less likely they are to be missed!

Also, don’t forget to draw down your USDA Foods inventories. Due to the transition in the meals schools are serving and changes with restaurants, Distributors do not have additional storage space to warehouse USDA Foods. **USDA Foods not ordered from Distributors by Friday, May 29, 2020 may be allocated to other organizations.** Please contact Donna Stubbs immediately if you have questions about USDA Foods.

Thanks again for all you’ve done to adapt to the multitude of changes resulting from this emergency,
Scott

Scott Clements, State Director
Office of Child Nutrition and Healthy Schools