

FOOD BANK CLAIM PROCEDURES

FOOD BANK LEARNS OF DISTRIBUTION SITE COMMODITY LOSS

Within 10 days:

- Obtain a completed Report of USDA-Donated Food Loss (FD-5) and/or the Complaint Information For Reporting Complaints On USDA Donated Commodities (FD-5D) from the distribution site.
- Advise the distribution site what to do with damaged/spoiled food (i.e. destroy in a manner that ensures commodities cannot be retrieved for human consumption).
- If the food was damaged/out-of-condition when received, have the agency provide as much data as possible (i.e. pack date, contract number, can codes, lot numbers, etc.).

Within 30 days:

- Determine if a claim exists. If the value of the loss is under \$100 per food item and there is no evidence of fraud or theft, no further claim action is necessary.
- Claim action must be taken for the loss of any one individual commodity food item that exceeds a loss value of \$100.

INITIAL CLAIM ACTION

Immediately:

- Contact the State Agency if the value of the loss exceeds \$2,500.
- Transmit the first of three demand letters giving the eligible recipient agency 30 days (or less) to respond (cc: State Agency).
- The demand letter shall include the total value of the claim and a list of all food items lost (those exceeding a value of \$100 per food item); with quantities and values for each. Use the USDA Commodity Listing for the calendar year in which the loss occurred to determine values.

In addition, the letter shall explain the agency's options for resolving the claim which are:

- 1) Purchase food to replace lost food (with prior approval of the State Agency). If this option is taken, distribution sites must provide copies of receipts or invoices to document food purchases. Replacement foods must be distributed to TEFAP eligible households/first tier agencies.
- 2) Submit a written response which explains why the eligible recipient agency is not primarily at fault and the corrective action taken to prevent future losses.
- 3) Repay the value of the lost commodities. Monies received for “entitlement” food losses may be retained by the State Agency; therefore, checks/money orders should be made payable to FSD-USDA-Donated Food Account. Repayment of “bonus” food losses must be forwarded to USDA; consequently, checks/money orders should be made payable to USDA-FNS-HQ and mailed to FSD – Food Distribution Unit, P.O. Box 310, Jefferson City, Missouri 65102-0310.

Note: Number one above is the preferred method for settling a claim as replacement foods are distributed to, and subsequently benefit program participants.

- If no response is received, submit second and third demand letters at 30 day (or less) intervals.

FINAL CLAIM ACTION

- A claim may be waived, compromised or settled by repayment or replacement of the lost food.
- In order for a claim to be waived or compromised, the distribution site must demonstrate that it was not primarily at fault and corrective action has been initiated to prevent future losses.
- Once the agency responds and the claim is satisfactorily resolved, close the claim and notify the eligible recipient agency in writing (cc: State Agency).
- If the agency does not respond after three demand letters, impose a sanction, and notify the agency in writing (cc: State Agency).
- Food banks and eligible recipient agencies shall retain written records and documentation of all claim actions.