

*Information from NCDPI for eligible School Food Authorities (SFA)*

**1. What is required of each eligible SFA before receiving payment for the Supply Chain Assistance (SCA) funds?**

The NCDPI Attestation Statement must be signed and returned to the School Nutrition Division. Once received, NCDPI Accounting will issue a direct payment to each SFA's Nonprofit Food Service Account.

**2. Will SFA's be audited?**

It is best practice to document the use of federal funds in case any level of audit occurs. Keep all documentation that supports the use of SCA funds. Once NCDPI notifies you of the SCA payment processing, start documenting invoices in that month going forward. Keep a folder to maintain all invoices, related reports, contract, etc.

**3. What are the reporting requirements for the SCA funds?**

SFAs will submit quarterly reports to NCDPI through a Qualtrics survey. The brief survey will be completed quarterly until all funds have been used. The report will require SFAs to enter the amount spent for each of the following categories:

- Fluid milk and other dairy foods such as cheese and yogurt
- Fruits and vegetables (including 100% juices)
- Grain products such as pastas and rice
- Meats (whole, pieces, or food items such as ground meats)
- Meat alternates such as beans or legumes.

**4. What revenue code should I record the SCA funds as?**

The SCA funds should be recorded as 3811 USDA Grants – Regular (FC1-A Line #44).

**5. What expense code should I record the SCA expenditures as?**

The SCA expenditures should be recorded as 451 Food Purchases (FC1-A Line #130).

**6. When do SFAs have to spend the SCA funds by?**

There is currently no set date for when the SCA funds must be used by. However, there is a quarterly reporting requirement for SFA to comply with, until the funds are used (refer to Question #3).

USDA Supply Chain Assistance (SCA) funds

*Information from the USDA FNS Q&A*

**1. What are some examples of allowable products that SFAs may procure using their Supply Chain Assistance (SCA) funds?**

SCA funds must be used exclusively for the purchase of domestic food products (also known as commodities) that are unprocessed or minimally processed. Examples of some allowable food products include fluid milk and other dairy foods such as cheese and yogurt; fruits and vegetables (including 100% juices); grain products such as pastas and rice; meats (whole, pieces, or food items such as ground meats); and meat alternates such as beans or legumes. Foods in a wide variety of minimal processing states (e.g., whole, cut, pureed, etc.) and/or forms (e.g., fresh, frozen, canned, dried, etc.) are allowable.

The steps SFAs must take to ensure the domesticity of food products purchased with SCA funds is consistent with the measures taken for all other purchases in the school meal programs (per existing Buy American requirements). The difference is that the limited exceptions provided under the NSLP Buy American provision may not be used since all products must be domestic. In addition, as with all Federal funds, SFAs are required to follow Federal procurement regulations found in 2 CFR 200, which includes the option to utilize emergency noncompetitive procurements.

**2. What are some examples of food products that are not permitted to be purchased using SCA funds?**

Foods that are generally understood to be significantly processed or prepared may not be purchased using SCA funds. For example, crushed tomatoes, shredded cheese, whole-wheat flour, and sliced vegetables are all food items that are individually allowable, but a pre-made pizza comprised of those ingredients would *not* be allowable. Other examples of unallowable products include baked goods such as breads, muffins, or crackers; pre-packaged sandwiches or meals; or other prepared and/or pre-cooked items such as chicken nuggets, that come ready-to-eat or that require no further preparation beyond heating. Non-domestic food products cannot be purchased with SCA funds.

**3. May SFAs use any portion of their SCA funds allocation for labor, supplies or administrative expenses?**

No. SCA funds may only be used for purchases of unprocessed or minimally processed domestic food products for use in school meal programs.

**4. Are non-food costs that are essential to the procurement of unprocessed or minimally processed domestic food products allowable when using SCA funds?**

Yes. Incidental costs (such as those related to shipping and handling or packaging) that are a part of the normal or customary purchase price charged by a vendor for any given food product are an allowable use of SCA funds.

**5. Is there any requirement that the SCA funds for the purchases of unprocessed or minimally processed be limited to local foods?**

USDA Supply Chain Assistance (SCA) funds

No. SFAs are not required to purchase locally grown, raised, or caught foods with SCA funds. SFAs are encouraged to procure local foods whenever feasible, and SCA funds may help make purchasing from local producers an excellent option for addressing unexpected supply chain disruptions.

**6. For which Child Nutrition Programs may SCA funds be used to support the service of meals and snacks? (#8 on USDA's Q&A)**

SCA funds are available only to SFAs operating the NSLP and/or SBP and may only be used by SFAs to purchase unprocessed or minimally processed domestic food products for those programs. This includes the NSLP Seamless Summer Option (SSO) and NSLP Afterschool Snacks, as these are components of the NSLP.

As such, if an SFA operating NSLP and/or SBP operates other Child Nutrition Programs (i.e. the Special Milk Program, the Fresh Fruit and Vegetable Program, the Summer Food Service Program, and/or the Child and Adult Care Food Program), SCA funds may not be used in conjunction with those programs (i.e. the SFA must limit the purchase and use of domestic food products to support only the NSLP/SBP meal service).

**7. Will SCA funds be monitored as part of the school meal programs Administrative Review and/or FNS review processes? (#31 on USDA's Q&A)**

Yes. SCA funds will be monitored consistent with other school meal program funds through the existing oversight measures used in FNS reviews of State agencies and the school meal programs Administrative Review. While State agencies will generally use the same mechanism to review these funds as they do the Buy American provision, all food products purchased with SCA funds must be domestic. Therefore, SFAs may not utilize the limited exceptions to the Buy American provision to purchase non-domestic food products when using SCA funds. In addition, use of funds may be subject to future external audit activity under any existing/standard auditing practices.

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