



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

May 26, 2000

DDOD-73
EOD-67
BGD-BCD-2

NOTICE TO THE INDUSTRY
Guidelines for Participating in USDA Domestic and Export Food Assistance Programs

The policy of the United States Department of Agriculture (USDA) directs that a portion of its contracting and subcontracting opportunities be made available to small, small disadvantaged, and women-owned businesses. To fulfill the statutory requirements relating to small business concerns, the regulations at 13CFR121.406 provide that a small business concern may qualify to provide manufactured products as a manufacturer or a non-manufacturer.

This notice provides guidelines for participating in the USDA Domestic and Export food assistance programs. Once a vendor (manufacturer or non-manufacturer, small or large business) requests information to become an eligible bidder, the following steps will take place. A letter will be sent to the prospective vendor with appropriate instructions and information.

A manufacturer is required to submit:

- SF-129 - Solicitation Mailing List Application
- SF-3881 - ACH Vendor/Miscellaneous Payment Enrollment Form
- Financial Statement

A non-manufacturer is required to submit

- SF-129 - Solicitation Mailing List Application
- SF-3881 - ACH Vendor/Miscellaneous Payment Enrollment Form
- Financial Statement
- Proof that as a non-manufacturer, your company is engaged in the wholesale or retail trade and sells the items being supplied to the general public
- Copy(ies) of written agreement with appropriate manufacturers

When the information is received, the Financial Review Branch of the Kansas City Commodity Office (KCCO) will review the company's financial statement to make a determination if the financial conditions warrant eligibility for USDA program participation. If the financial conditions meet KCCO criteria, a Pre-Award/Total Quality System Audit (TQSA) will be requested.

The products that require a TQSA are:

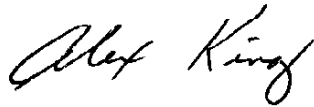
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|------------------------------|-------------------------|-------------------|
| ✓Corn Products | ✓Peanut Products | ✓Sorghum Products |
| ✓Saltine Crackers | ✓Vegetable Oil Products | ✓Fortified Cereal |
| ✓Instant Rice Cereal | ✓Processed Cereal | ✓Pasta Products |
| ✓Macaroni & Cheese | ✓Bakery Flour | ✓Wheat Flour |
| ✓Instant Nonfat Dry Milk | ✓Evaporated Milk | ✓Ration Bars |
| ✓Bulgur/Soy-Fortified Bulgur | ✓Wheat Soy Blend | |
| ✓Soy-Fortified Sorghum Grits | | |

Any other product will require an intensive Pre-Award Audit.

If for any reason a company's financial condition does not meet KCCO criteria, the vendor will be notified of their ineligibility. In addition the Small Business vendors will be referred to the Small Business Administration (SBA), the KCCO Small Business Outreach Team, and OSDBU for further assistance.

If a company is considered a non-manufacturer, the written agreement(s) between non-manufacturer and manufacturer will be reviewed during the Pre-Award/TQSA Audit to determine that all necessary assurances and proof of title have been adequately covered. In addition, the Audit must confirm that the non-manufacturer is engaged in the wholesale or retail trade and sells the items being supplied to the general public in accordance with 13CFR121-406.

For your assistance, attached are instructions for the submission of financial statements and for written agreements between non-manufacturers and manufacturer.



Alex King, Deputy Administrator
Commodity Operations

INSTRUCTIONS FOR SUBMISSION OF FINANCIAL STATEMENTS

1. Submit your last complete fiscal year end or current financial statement, at the audit or review level, prepared by an independent Certified Public Accountant or an independent public accountant. Statements must be prepared in accordance with the standards established by the American Institute of Certified Public Accountants. This statement must be prepared according to generally accepted accounting principles.
2. Corporation/Limited Liability Company - If a new entity has been formed, submit the opening balance sheet of the corporation/limited liability company.
3. Partnership - Submit the last fiscal year end or current financial statement of the partnership and the personal financial statements of each general partner.
4. Individual - Submit a financial statement which includes all personal and business assets and liabilities. The financial statement must be prepared on the accrual basis, and fixed assets must be shown at actual cost and normal depreciation.
5. Include the certification statement listed below on your financial statement.

Under penalty of perjury, I declare that I have examined the enclosed financial statement, including any attachments, and it is a true, correct, and complete statement of the financial conditions of the above-named company as of the date shown on the attached balance sheet.

Signature and Title (Officer, Member, Partner, Proprietor) Date Signed

Failure to submit an acceptable financial statement will delay the processing of your **application**. We may ask for additional information as needed. We suggest you contact your accountant for assistance. If you have any questions, call the KCCO auditors at 816-926-6454.

INSTRUCTIONS FOR WRITTEN AGREEMENTS BETWEEN
NON-MANUFACTURERS AND SUPPLIERS

The non-manufacturer shall provide a signed copy of the written agreement(s) between the non-manufacturer and manufacturer that shows the non-manufacturer assumes title and risk of loss upon loadout of the product from the manufacturer's plant.

Additionally, the agreement shall evidence that the non-manufacturer has:

- 1) adequate assurances from the manufacturer and knowledge of their production scheduling in order to comply with required delivery schedule under the contract.
- 2) the operational and production controls to provide quality control for the product to be delivered. (NOTE: Commodities applicable under the Total Quality Systems Audit Program must be supplied by a TQSA-certified plant; dairy products must be from AMS approved plants; and bulk grains and all other commodities must be supplied from CCC-approved manufacturers.)



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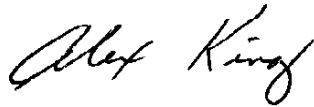
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