

SECTION C/Phase 8: Other Warehousing Activities

Warehousing Best Practices and Skills Needs

Best Practices:

1. Organize with care
2. Enhance inventory accuracy, practice cycle counts
3. Mitigate food losses, enhance food safety
4. Implement warehouse safety and security guidelines
5. Train staff to break bad habits and promote good habits

Skills Needed to Operate a Warehouse:

1. Problem solving
2. Working with others
3. Communication skills
4. Excellent organization and planning skills

PHASE 8: OTHER WAREHOUSING ACTIVITIES

Staffing

Under the supervision of a warehouse manager, CRS country program warehouses are generally staffed with a warehouse assistant, security agents (contracted or staff), and a handful of permanent laborers who are at times assigned supervisory duties in areas such as unloading, stacking, rebagging, etc.

Separation of duties must be reinforced whenever possible (given a large program with no combined functions). For example, the year-end physical inventory count must be performed by non-food program staff (Audit or Finance employees are recommended), and waybill preparation should be performed by someone who is not responsible for the warehouse recordkeeping or ledger maintenance functions.

Whenever limitations due to the country program or warehouse size make the separation of duties difficult, the country representative must put into place mitigating controls, regularly evaluate the effectiveness of those controls, and document the controls and the reviews for audit purposes.

Phase 8 of this manual will cover a large menu of items and activities related to warehousing and warehouse operations in general. This includes:

- A brief description of the main warehouse staff's responsibilities
- A list of type of equipment, materials, and supplies to have in warehouses
- A list of the main operations within a warehouse, and a separate section on each of these elements
 - Recording
 - Stacking methods
 - Reconditioning
 - Handling of damaged commodities
 - Reporting of losses inside the warehouse

- Disposal of unfit commodities
- Fumigation
- Physical inventories
- Distribution planning (in phase 9)
- Dispatch of commodities (in phase 10)

Warehouse Staff and Responsibilities

Warehouse Manager

The warehouse manager responsibilities include, but are not limited to:

- i. Receiving food shipments and dispatching food commodities
- ii. Knowing what products enter and leave the warehouse
- iii. Managing damaged products and disposal of unfit food, and ensuring that security is performed efficiently
- iv. Maintaining stock quality by:
 - a. Inspecting stacks regularly (at least weekly) and keeping records of findings
 - b. Ensuring that commodities are kept in order, clean, and are neatly stacked
 - c. Solicit services of phytosanitary agents for diagnosis and recommendations through appropriate country program channels
 - d. Prompt reporting of suspected/spoiled stocks to supervisor
- v. Minimizing losses through ongoing enforcement of inventory controls, and regular reviews of the physical security of the facility
- vi. Taking precautions to prevent injuries to warehouse staff and visitors
- vii. Ensuring availability of necessary warehouse equipment, material, and supplies at all times
- viii. Managing warehouse staff and distributing tasks and responsibilities appropriately
- ix. Maintaining accurate commodity records, including stock ledger and stack (bin) cards
- x. Preparing daily receipt and dispatch reports
- xi. Performing an inventory count monthly at a minimum. (It is, however, a good practice to conduct a physical inventory count after each major warehouse activity.)

Warehouse Assistant or Supervisor

Oversees the following warehouse activities:

- a. Inventory
- b. Stacking
- c. Dispatching
- d. Fumigation
- e. Warehouse cleaning and maintenance
- f. Segregation of damaged, infested or spoiled stocks
- g. Tasks performed by daily and casual laborers

Other Staff

Depending on the size and specifics of the country program, other staff may include an employee to oversee commodity distributions, security guards, and daily laborers.

Warehouse Equipment, Material, and Supplies. See [How to Guide for Warehouse Management](#) or Internet Ref. #17, p. 123)

The size of the warehouse and volume of activities will determine the type and quantities of materials and supplies needed. For example, a small storage room will not require the same equipment and supplies as those needed in a large central warehouse. The following is a basic list of equipment and supplies:

- Fire extinguishers (identify type, number of fire extinguishers (dry powder for outside placement and carbon dioxide inside)
- Sewing machine/stitching materials for reconstitution/rebagging and tape
- Reconditioning items: empty containers (bags, plastic jerry cans)
- Flashlights with spare batteries
- Brooms and dustpans
- Sieves (for sifting grains)
- Sampling spears (for food)
- Ladders (2-4)
- Scale for weighing of bags (Minimum load of 200 kgs).
- Sand buckets labeled clearly in red “Fire”
- Pallets (wooden recommended) to stack food
- Bin cards
- UV lamps for inspecting presence of insects & other impurities (A white piece of cloth can also be used. Insects will show on the cloth).
- Wheelbarrows
- Trash bins/barrels (4-6)
- Plastic sheeting/tarps

Other warehouse items include:

- Cleaning equipment and supplies
- First aid equipment
- Desks/files for large and medium-sized warehouse records
- Calculator

Main elements of Operations in a Warehouse Consist of the Following:

- a. Recording
- b. Stacking
- c. Reconditioning
- d. Handling damaged commodities
- e. Reporting losses occurring at the warehouse
- f. Disposal of unfit commodities
- g. Fumigating food commodities
- h. Conducting physical inventory counts
- i. Distribution Planning (Phase 9)
- j. Dispatching commodities (Phase 10)

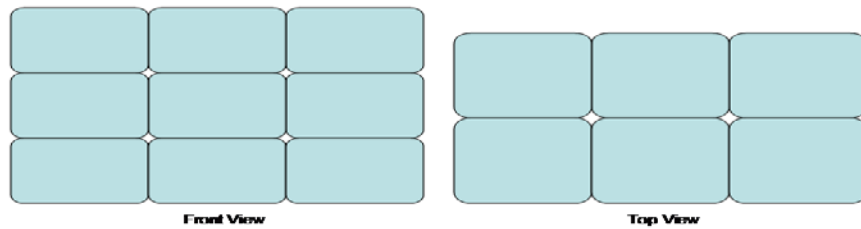
Elements (i) and (j) above will be developed separately

- a. **Recording receipt of commodities:** *Reg. 11 .211.10* requires that cooperating sponsors maintain records that accurately reflect all transactions pertaining to the receipt, storage, distribution, sale,

inspection, and use of commodities, including losses and claims, commodity swaps, substitution, etc.

- b. **Stacking of commodities:** Proper stacking is essential to ensure safety in handling, facilitate easy stock control and counts, and quickly identify and remove commodities. A variety of methods can be used, depending on the nature of the warehouse facility, the space available, the type of commodity or equipment to be stored, the packaging used, the individual items volumes and weights, and if the items are of uniform dimension. Four traditional stacking systems are described below:

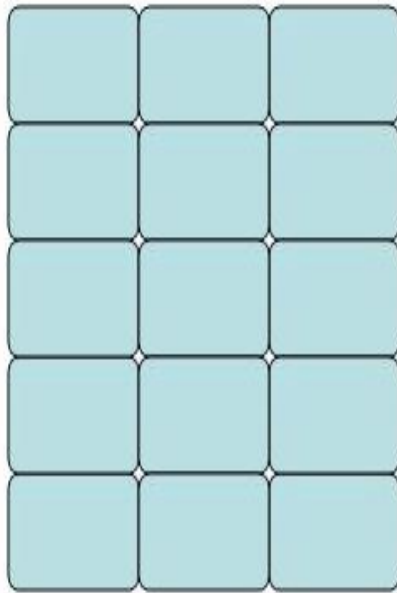
1. Simple Stacking: is a very quick method by which packages are aligned side-by-side on pallets or plastic tarps, and subsequent layers are added using the same alignment axis. This technique is appropriate for goods received in bulk, cartons of oil, wooden boxes (e.g., collapsible jerry cans) with the same dimensions, and for some food packages (e.g., 25 KG bags of cornmeal). The disadvantage is that stack sizes and heights may be quite limited due to stability concerns.



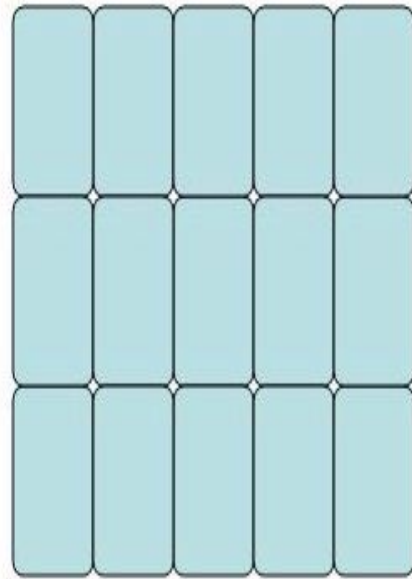
Figures courtesy of CRS Emergency Operations

Figure 8: Different methods of stacking

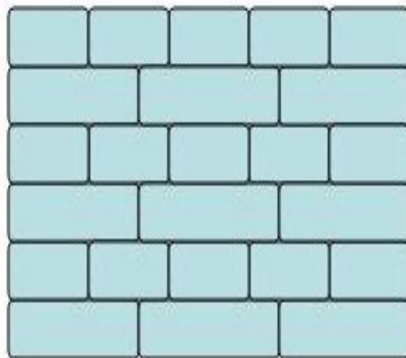
2. Cross Stacking:



Top view – odd numbered layers



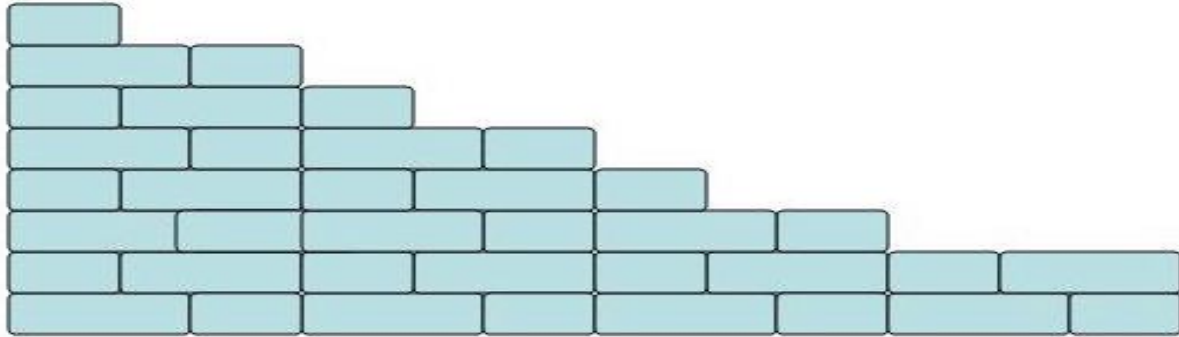
Top view – even numbered layers



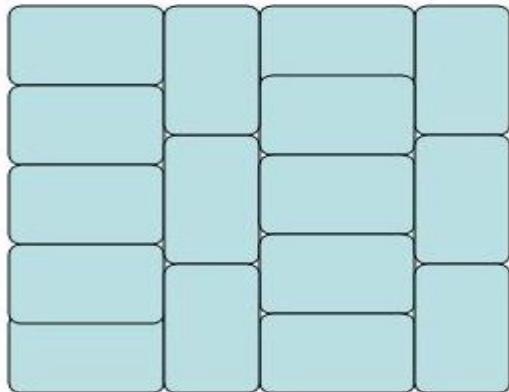
Front view of stack

Cross Stacking is a much better system than Simple Stacking, and produces stacks that are much more stable. Stack the first layer with all packages laid lengthwise on pallets, with the next layer's packages laid widthwise. Alternate subsequent layers. It is important to ensure that each layer contains the same number of packages to facilitate inventory. While this system provides a significant "locking" effect, it still limits stack heights due to stability concerns, particularly for bagged commodities.

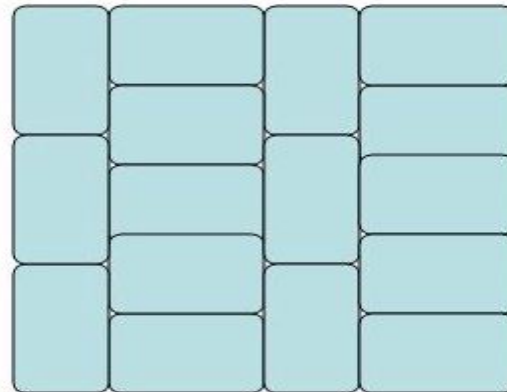
Stepping the stack: to achieve maximum stack size and height, and to safely descend packages from stacks, a proven method is to “step” the stack as shown below. This allows laborers to walk packages up or down the stack, and avoids over-handling of the packages and a potentially unsafe situation. As the stack rises, or at the beginning of an un-stacking operation, a “stairway” can be created on one side of the stack to facilitate the operation. When stacking, the final packages will be placed using ladders with laborers positioned on top of the stack to assist with lifting. During un-stacking, laborers on top of the stack hand down the first packages to other laborers positioned on ladders.



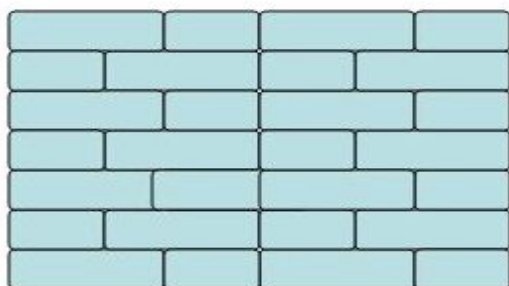
3. Block Stacking:



Top view – odd numbered layers



Top view – even numbered layers



Front view of stack

Block Stacking is generally the best method to use, particularly for bagged commodities. It produces stacks that are much more stable, allows for stacks of maximum height, and provides good aeration. Each layer blends rows of packages laid side-by-side with an adjacent row laid end-to-end. Subsequent layers are simply reversed over the layer below it. Ensure that each layer contains the same number of packages to facilitate inventory.

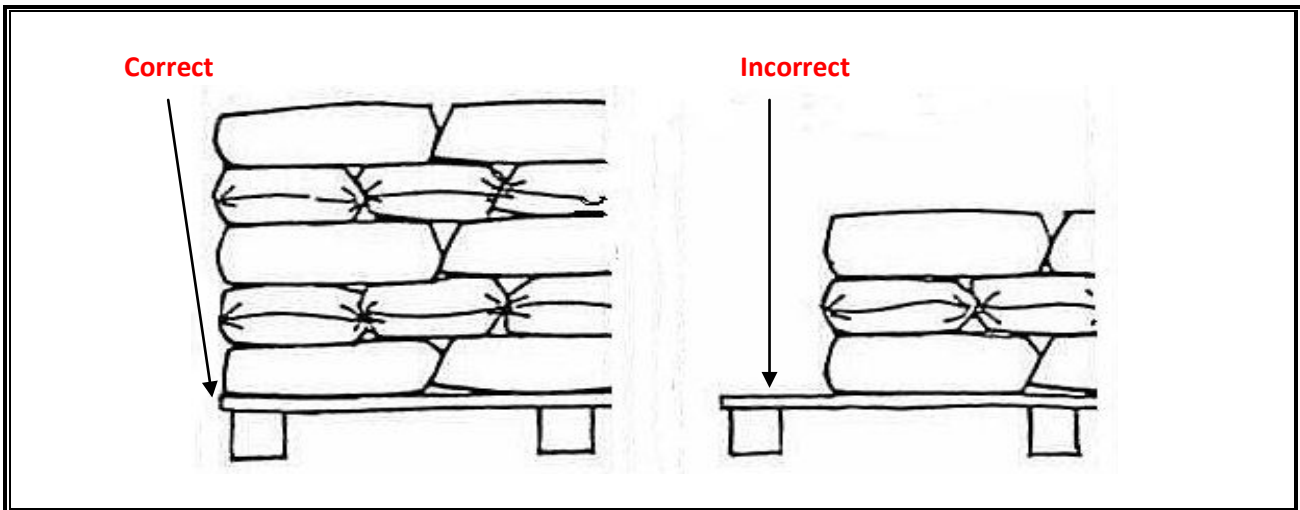


Figure 9: Stacking on pallets

Stacking on Pallets:

To protect the bottom layer of commodities from being damaged by water, flood, or condensation, the warehouse manager must ensure that commodities are stacked on wooden pallets laid on the ground (See Figure 11 below)

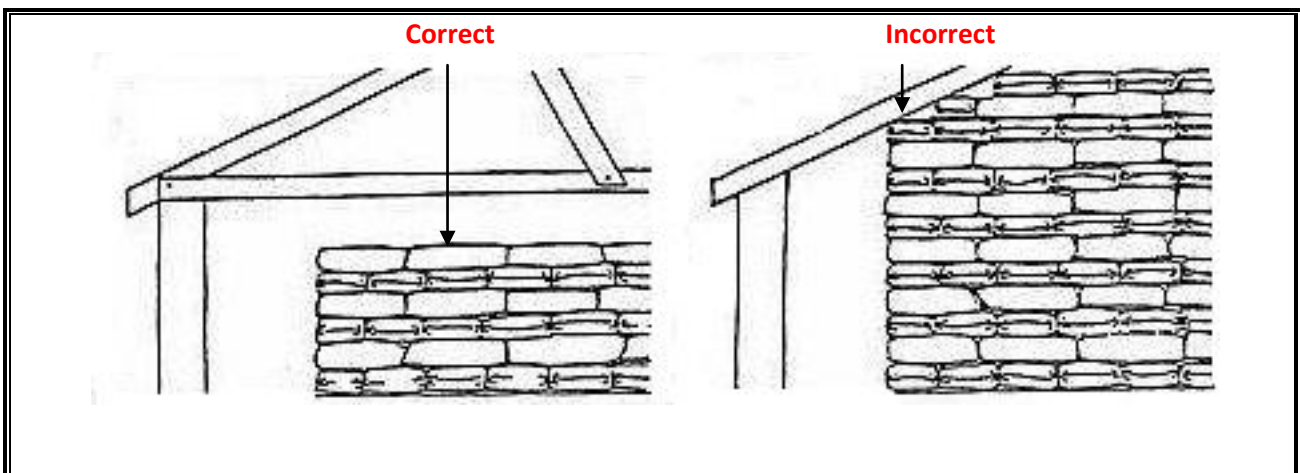


Figure 10: Stacking on Pallets Model 2

Useful Tips

- Fully cover the pallet with the first layer: it is fundamental for maintaining uniform stacks
- Commodity stacks should be flush to the edge of the pallets, and should in no case overhang the pallets
- Bagged commodities should be interlaced and locked so they don't slide or fall out of the stack
- Leave a minimum of one meter between the top of the stack and the roof to avoid overheating, improve aeration, allow for easy package movement, and facilitate inventorying

Each stack of food must have a stack card (bin card) containing the same information found in the warehouse ledger and on the Daily Warehouse Report (See Paragraph b. Stock Records below).

Stack Card (Bin Card)

A stack card (bin card) is used to record inflow and outflow of a commodity. Each stack must have a stack card (**See [Attachment 11 p.125](#)**) even if there are several stacks of the same commodity in the same warehouse. The stack card must be left on the stack where it can be easily read during physical inventory counts.

Information recorded on stack cards (bin cards) should be based upon waybills and dispatch notes. A stack card should have:

- Warehouse location
- The heading "Commodity Type"
- Vessel name and voyage #
- BL number
- PL number
- Columns for:
 - Date
 - Waybill/Dispatch Note number
 - Description (Distribution Point, Truck Number, etc.)
 - Quantity in, Quantity out
 - Balance and Signature

It is recommended that stack/bin cards carry the same information on the reverse side so that more records can be added easily. If more than one card is needed, the balance should be carried onto a new card and the process continued. Multiple cards should be numbered, and all cards kept with a stack for easy verification. Storekeepers should fill all the information in the columns and put their signatures on every line of data they enter to ensure accountability for accuracy of the records. Each transaction (arriving truck, distribution, etc.) should be noted on a separate line.

When the balance on the stack/bin cards (**See [Attachment 12 p.125](#)**) reaches zero, the warehouse manager will send them to the CRS office, where they will be filed with the corresponding PL or PO (Ref. Master Shipping Ledger). This way, auditors can easily track the shipments and compare the information on the stack/bin cards to the warehouse ledger.

A new stack/bin card should be issued for goods arriving with a different shipment/consignment number. Goods from separate shipments/consignments should not be mixed in one stack.

Stock Record

A stock card should not be confused with a stack card. Stock cards record all information relating to arrivals and dispatches by operation number. A stock card is important for reconciling each shipment at a later date. Since the PA or clearing agent assigns one shipment/operation number for a BL quantity, the stock card will help to reconcile the total off-take per BL quantity. Shipment/operation numbers can be found on the waybills, and storekeepers should check the shipment/operation number of each waybill when posting to stock cards. Stock cards with 'nil' balances should be labeled "inactive," the same as bin cards, for future reference.

Every time there is a food movement (in or out) of the warehouse, the warehouse manager must prepare a daily warehouse report (in two copies¹⁶) that shows all movements of stock for the day ([Attachment 13 p.125](#)). A copy of this report will remain at the warehouse and the original will be sent to the CRS office. A designated person will check this report against the issued approved document for the particular food movement (dispatch, disposal, loan, etc.) to ensure reconciliation between authorized food movements and reported activities

- c. **Reconditioning:** Also called **repackaging, rebagging,** and **reconstitution**, reconditioning includes the recovery of commodities from sources of potential loss such as damage due to crushed or burst containers, spillage, and wet bags; the transfer of damaged commodities from broken or damaged sacks and containers to new sacks, jerry cans, or other containers; the drying and re-sacking of wet or spilled food commodities, etc.

To minimize losses, any commodity that warehouse staff identify as deficient must be immediately reconditioned in clean packaging (**See Warehouse Equipment, Section C8**) once its packaging is found to be deficient. The warehouse manager will prioritize the dispatch of reconditioned goods. All reconditioned commodities should be distributed before the good bags or tins are distributed in order to prevent further losses from these units. Stacks containing reconstituted commodities should be clearly marked, indicating the reason for reconstitution. It is important for the storekeeper to identify the nature of the damage for appropriate action.

Wet Bags

- If bags become wet by rain during delivery and depending on the nature of the commodity and the degree of humidity, the contents can be dried and repacked for immediate distribution. If, however, rancidity or other similar damage is suspected, by precaution, the contents of the bags should be analyzed for verification that they are fit for human consumption or as animal feed.
- If bags and commodities are contaminated by rat urine (See page 58) or any substance with petroleum products, they should be separated and a qualified laboratory should determine whether they are fit for human consumption. They must not be given for human or animal consumption or disposed of before receipt of a fitness certificate.
- If wet bags and contents are found inside storage facilities due to humidity and if the warehouse manager has cause to believe that they are unfit for human consumption, he should then seek fitness certification from a qualified laboratory prior to any use.
- If wet bags and contents are found inside a storage facility due to roof leakage or flooding, they can be dried and repacked. If, however, they are suspected of having been damaged, fitness certification should be sought from a qualified laboratory prior to any use/distribution.

Torn Bags

- Repack the commodities in clean bags. Refilled bags should be the same weight as non-damaged bags.
- Reconditioned bags should be kept separate and should be dispatched as soon as possible.
- Personnel repackaging the commodities should be clean and as much as possible, wear protective clothing (aprons/overalls), clean rubber gloves, hair nets or caps into which all hair is placed, and dust masks.
- The area where repackaging is carried out must be clean and hygienic.

¹⁶ This may have to updated later when the SCM software solution is on line

Punctured Tins

When reconditioning, laborers should place a tarpaulin or plastic sheeting under the bags in order to collect spillage and prevent it from getting contaminated with dirt, oil, etc. This spillage can then be recovered, rebagged, weighed, and eventually distributed as fit food.

- Pour oil from punctured tins into undamaged, clean containers that can be sealed
- If the puncture occurred during handling, in the presence of the warehouse manager or other warehouse staff, the oil should be placed into containers and put in a separate stack for immediate distribution.
- If the tins arrive punctured, the oil should be poured into containers and set aside in different stacks. They should be re-tinned and distributed as soon as possible.

Determining whether a wet carton actually contains punctured tins can be difficult. If a carton is not wet, it often appears to warehouse workers that there are no punctured tins inside and that wetness is coming from another carton stacked next to it. Consequently, such cartons are normally stacked together with the good cartons. After a few days, however, if the oil stains on one of those cartons become larger, there might be some punctured tins inside.

To prevent further losses of oil after having been discharged from the trucks, it is strongly recommended that any carton found wet be set aside and checked. If no punctured tins are found, those cartons should be placed on the top of the stack or in a separate stack and be shipped out first. All reconditioned commodities should be distributed before the good bags or tins are distributed in order to prevent further losses from these units.

1. Recording Receipts

Upon completion of the unloading operation, waybills are collected and the information is entered into the warehouse ledgers and bin cards (**Ref: Preparing for Receipt at Arrival**). Food commodities are calculated in kilograms and entered in units.

As required for sound material resource management, a manual ledger or electronic ledger is required in every warehouse. (See [Attachment 14 p.125](#). Furthermore, the [CRS Standard Internal Control checklist](#) requires that: "All incoming commodities are recorded in a Master Shipping Ledger or equivalent record that shows the Packing List and/or Bill of Lading reference number." Stack/bin cards are filled out when commodities are received for the first time and placed with the corresponding stacks. It is highly recommended that data be entered into the ledgers at the same it is entered into the bin cards. Only the same type of commodity from the same shipment (PL and BL) should be recorded on a single stack/bin card. Every time food is dispatched from a stack, the required information must be written on the bin card. It is highly recommended that data be entered into the ledgers at the same time it is entered on the bin cards since information on the bin cards must correspond to the information entered into the ledgers.

Only those commodities received in good condition are entered into the **In** column of the ledger and have an effect on the balance since the balance should indicate only those commodities that can be removed from the warehouse for immediate use. Damaged commodities or those in questionable condition are entered into the **Damaged** column and have no effect on the balance. The **Damaged** column is a balance of damaged or unfit commodities waiting reconditioning or disposal.

When damaged commodities are declared a **loss**, they may be removed from the warehouse for disposal with a DN and subsequent reduction in the **Damaged** balance. A copy of the loss report supported by a laboratory test report should be attached to the DN for the files (*see reporting losses and making claims, handling damaged food commodities, and disposal of unfit food commodities sections below*).

2. Handling Damaged Commodities

Important

As a general requirement, staff should always take pictures of damages to support claims and reports.

Damaged commodities are those received in torn or punctured containers, or are not normal in appearance, (e.g., discolored, stained, torn, or infested). Damaged bags must be separated from good bags and accounted for separately. In some cases, they should be quarantined from the general stocks, such as when laboratory results to confirm fitness are pending or when they represent a risk of cross-contamination due to infestation. Whenever possible, a small storage area should be built outside the main warehouse to store unfit commodities. If not possible, store suspect or unfit commodities inside the warehouse but as far as possible from those in good condition, and cover tightly with a tarpaulin. When damaged food commodities are identified, the following steps must be taken and the process documented:

- **Wet bags:** separate the bags, open them, and examine the contents to determine the degree of wetness. When necessary, if they are suspected of contamination, perform a lab test. Grain damaged by rain while handling, can be dried and repacked. In some cases, depending on the results of lab tests, the damaged commodities can be sold for animal feed.

Food that is moldy or contaminated by vegetable oil or petroleum products must not be consumed by humans or animals prior to determination by qualified laboratory of its fitness or unfitness status for consumption.

Determining the Weight of Damaged Units

After the laborers have finished unloading a truck, and before the driver leaves, the warehouse manager must ensure that torn or damaged bags or tins, which had been put away, are weighed to determine the total weight of these units.

This weight is to be noted on the reconditioning report, which should be signed by the warehouse manager, the truck driver, and a representative of the transport company. This document will be the basis for filing a claim against the transporters for losses sustained during transport. It is highly recommended to begin reconditioning the torn bags immediately, while the truck driver is still present.

- **Broken bags:** repack in clean bags with the same weight as the original bag, and confirm weight. Mark the bag with the lot number, type of food, weight and donor. Stack reconditioned commodities apart from undamaged stacks. Distribute reconditioned commodities as soon as possible.
- **Leaking oil containers:** separate leaky containers and pour the oil remaining in the containers into spare jerry cans. Retain damaged containers until the losses are fully documented.

- **Infested bags:** separate suspect bags from the stacks. Schedule fumigation as soon as possible. Sample the contents of the bags with a sampling spear and have a lab analysis done.

Summary of recommendations for control and handling of damaged commodities

Type of damage	Evidence of damage	Actions to be taken
Torn bags and leaking tins	Spillage during unloading, transport, loading; dented or crumpled containers	Handle with care, transfer contents to suitable container and record amounts lost and recovered.
Wet, stained	Wet to the touch and dripping, caking of the item	If drenched by rain or running water, open and dry the food, re-bag/repack and report on any amount lost during operations. If dampened by ocean water or oil, segregate until clearance by health official for distribution or disposal
Mold	Containers discolored; unusual smell	Segregate; cover with tarps; consult with health experts and follow their recommendations
Rodent infestation	Rat/mouse nets, evidence of rat urine/excrement at the warehouse, gnawed bags or containers, etc.	Thoroughly clean outside and inside the warehouse and make the area free of debris. Use traps outside and inside the warehouse, but use NO CATS . Consult with pest control experts and segregate all bags suspected of infestation; cover with tarps until clearance by qualified laboratory to distribute or to dispose of.
Insect infestation	Flying, live or dead, or insect larvae on the floor; traces of the same in dust; strong odor	Thoroughly clean. Consult with pest control experts and segregate all bags suspected of infestation and cover with tarps until clearance by qualified laboratory to distribute or to dispose of.
Short weight/torn bags		Weight (visibly short-weighted and suspected). Reconstitute and record amounts lost; amounts reconstituted in both ledger and stack cards.
Sweepings	Food spillage on the floor (not on tarps) during warehouse operations	Handle bags with care; use tarps during reconstitution and reconstitute spillage immediately and distribute reconstituted bags first.

Figure 11: Controlling Damages

4. Reporting Losses and Making Claims:

Losses can occur during ocean transport, at the port, during land transport, and at warehouses. The chart below summarizes the type of losses in a food program and the different documentation required to support losses and related claim processes. Losses occur when commodities are damaged beyond recovery, when they are stolen, or when any other event occurs that prevents them being distributed as intended.

Losses can be categorized into the following:

Types of Losses that May Occur and Required Supporting Documentation

Type/Location of Loss or Adjustment	Supporting Documentation Required
Marine/ocean loss during shipping	Independent discharge/ex-tackle survey report
Loss at port warehouses or during dispatch to inland warehouses	Independent Survey Delivery Report Waybills
Inland transport loss	Waybills
Excess deliveries to warehouse	Waybills
Loss or damage in warehouse	Physical Count Summary Sheet
Repackaging	Invoices/timesheet Certificate of Marine Reconstitution Costs (for ocean loss) Recondition Reports or Reconditioning Sheets
Commodity declared unfit for human consumption	Declaration of Unfit Food from approved laboratory Waybills Documents for dispatching unfit food
Theft	Statement from warehouse staff/internal theft report Police report

Figure 12: Table of Losses

Any and all losses must be fully documented to pursue claims or dispose of damaged commodities. The primary document for the files is the waybill filled out during unloading and reconditioning. Once reconditioning has concluded, the warehouse manager reports the loss on the WB for the logistics manager or other assigned staff to fill out the loss report and subsequent claims.

5. Process and Documentation

The process for documenting losses upon delivery/receipt of commodities at warehouses must be documented in a manner that indicates the number of damaged bags received, the weight the damaged bags would weigh if not damaged, the actual weight of the commodities in the damaged bags, the amount recovered in kilos, and the number of new bags and the standard weight. **The difference between the weight of the bags at the end of the process and what should have been the weight of the bags if no damage had occurred is the loss.** Any sweepings or commodities from the damaged bags must be treated as unfit commodities and treated as described in the *Unfit* section at (b) below. Commodities deemed unfit for human consumption are part of the loss and must be included in the loss total.

It is a requirement to make all possible attempts to recondition commodities before declaring a loss, and to fully document the process. Documentation must include the following:

- Number of damaged containers (bags, cartons, tins)
- Weight of the containers or number of packaged items had they not been damaged
- Actual weights of the containers or number of items contained
- Weight or number of items recovered
- Number of reconditioned containers that will be entered into stock

The loss equals the weight of the damaged containers had there been no loss less the total weight of the containers at the end of the process, or the number of individual items that should have arrived less the number of items at the end of the counting and repackaging. Furthermore, sweepings or leakages from damaged containers that are obviously unfit for human consumption must be segregated and counted as a loss.

6. Procedures for handling food losses, including claims against responsible parties. See [How to Guide Loss](#) (Internet Ref. #19 p. 123)

All internal food losses, regardless of the nature or cause, must be properly accounted for and reported to the donor using the established *Damage and Missing Commodity Report* (DMCR) format.

The loss report must be submitted to USAID on a quarterly basis within 30 days after the close of the calendar quarter. This report will describe the particulars of the loss: person or agency who had control of the commodities at the time of the loss; type and quantity of commodities lost; sales order number; agreement or award number; and actions that are being taken or have been taken to recover the loss, collect the claim, and avoid the recurrence of similar losses. The loss report shall enclose a copy of any claim made by CRS against the responsible party, if applicable (*Regulation 11, Section 211.9)(f)*).

For losses valued under \$500, the quarterly loss report may be presented in a tabular form, identifying separately each type of loss, indicating the estimated value of the commodities lost and the actions taken, if any, to recover or dispose of the damaged or lost commodity. CRS must also make a determination whether there is a pattern or trend in the losses that would lead it to believe that the losses are the result of willful neglect or abuse.

This section will discuss food losses that occur in-country since maritime losses attributable to the ocean carrier are handled by CRS' freight forwarders in the US, in coordination with CRS/Shipping. However, the procedures for disposing of unfit food discussed further below will be applicable to both internal as well as maritime losses.

Examples of internal food losses are:

- Food that becomes spoiled, for whatever reason, in the warehouses of CRS of its counterparts, or at the distribution centers. Food can also get spoiled during transport if it comes into contact with contaminated water, fuel, etc.
- Food that is spilled on the floor (during reconditioning, for instance) and cannot be recovered for subsequent distribution.
- Food stolen or pilfered from warehouses, distribution centers, or delivery trucks, whether in normal times or in times of sociopolitical unrest or natural disaster.
- Food lost through road accidents (e.g., delivery truck falling into a river or some other accident) or by acts of nature (e.g., flooding, earthquake, etc.).

a) Claims against Third Parties

It is very important to establish who is responsible for any commodity loss or damage and to attempt to pursue a claim against that party, if warranted. Determining the party responsible for the loss is not always simple and clear-cut, so great care should be taken before accusations are made.

If it is determined that a third party (e.g., transporter, partner, distribution center) is responsible for food losses, CRS will send a letter to the responsible party requesting repayment for the missing commodity with another commodity of equal or greater value or an amount of cash equal to the value of the lost commodities.

The value to be claimed for food lost should be determined on the basis of the **domestic market price** of equal or similar commodity at the time and place of loss or misuse. It is, however, very difficult to determine the domestic market price as many of the commodities imported are usually of a much higher standard than those available on the local market. In case it is not feasible to obtain or determine the market price, *Reg.11,211.9(e)(3)* allows PVOs to use the f.o.b. or f.a.s. commercial export price of the commodity at the time and place of export, plus ocean freight charges and other costs incurred by the U.S. Government in making delivery to the cooperating sponsor.

When the loss is attributable to a local transporter, the transporter might offer to **replace** the lost commodities. Reg. 11 allows for replacement of lost commodities as long as the replacement is a similar commodity with equal or greater value. See *Reg.11, 211.19 (b)*. Care should be taken not to accept other PL 480 commodities as replacement since these may have been taken from another cooperating sponsor's stock. If the loss is less than \$500 and CRS has reason to believe that the transporter was not at fault, CRS can agree with the transporter to write off the loss. Documentation of the reason for not pursuing the claim should be kept on file.

If CRS fails to file a claim against a responsible third party, it might become liable to USAID for the value of the lost commodities. But CRS may choose not to file a claim if the value of the lost or misused commodities is under \$500 **and** such action is not detrimental to the program or is not the result of an established pattern with the responsible party.

CRS must make reasonable attempts to collect the value of the lost commodities from the responsible parties. This would require that CRS send at least three follow-up claim letters to the responsible party in progressively stronger terms and at 30-day intervals. If these efforts fail to elicit a satisfactory response, and depending on the total value of the commodities lost (\$500 and above), CRS, in coordination with its legal counsel and USAID, and after consultation and advice from CRS/HQ must pursue legal action against the responsible party, unless:

- i. Liability of third party is not provable
- ii. The cost of pursuing the claim would exceed the amount of the claim
- iii. The third party would not have enough assets to satisfy the claim after a judicial decision favorable to the cooperating sponsor
- iv. Maintaining legal action in the country's judicial system would seriously impair the cooperating sponsor's ability to conduct an effective program in the country, or
- v. It is inappropriate for reasons relating to the judiciary or judicial system of the country (Regulation 11, Section 211.9[e]4)

In any case, under no condition will legal action be taken without Regional and **CRS/HQ** written prior approval.

When CRS has exhausted all reasonable attempts to collect a claim, it shall request that the USAID Mission or diplomatic post provide further instructions. CRS can also request in its letter that the claim be transferred to USAID. Any proposed settlement for less than the full amount of the claim must be approved in writing by USAID prior to acceptance.

b) Commodities Unfit for Human Consumption

Unfit commodities are the damaged commodities that are considered as losses and cannot be used for human consumption. Sometimes it is not possible to determine unfit commodities only from appearance of the packaging or visual inspection of the commodities. Commodities can only be formally declared unfit for human consumption as the result of laboratory examination.

When commodities are no longer fit for human consumption, either due to contamination or infestation, it is necessary to dispose of them safely and in compliance with USG and local regulations. Listed below are the USG methods approved by Regulation 11 and the order in which they should be attempted (*Regulation 11, Section 211.8[b]2*):

- i. Sale for the most appropriate use; i.e., animal feed, fertilizer, or industrial use, at the highest obtainable price. When the commodity is sold, all U.S. Government markings shall be obliterated, removed, or crossed out.
- ii. Transfer to an approved Food for Peace program for use as livestock feed (This option rarely exists nowadays).
- iii. Donation to a governmental or charitable organization for use as animal feed or for other non-food use.
- iv. If the commodity is unfit for any use or if disposal in accordance with paragraphs (i) through (iii) above is not possible, the commodity shall be destroyed in such manner as to prevent its use for any purpose.

For spoiled commodities valued under \$500, CRS must inform but may dispose of such commodities without the prior approval from USAID, but always following the priorities listed above. For those commodities whose value is \$500 or above, CRS will request in writing the concurrence of USAID or the Diplomatic Post. If USAID or the diplomatic post does not respond to CRS' request for concurrence within 15 days, CRS may dispose of the commodities in the manner described in its requests. CRS must then inform USAID or the diplomatic post of its action taken (Regulation 11, Section 211.8[b]2).

When submitting a request to USAID for concurrence to dispose of unfit commodities valued at \$500 or above, CRS will complete a *Damaged and Missing Commodity Report* (DMCR) containing the following information:

- Party having possession of the commodities when it became spoiled
- Type and quantity of the spoiled commodities and size and type of containers
- Estimated value of the spoiled commodities
- Time and place of loss and current location of the commodities
- Project/award number and the CCC contract number (if known)
- Action taken by CRS to recover or dispose of the damaged commodities, including any claims against the responsible party, if applicable

Attached to the Loss and Claims report or DMCR, CRS will submit a copy of the *Certificate of Unfitness* issued by the relevant local health authority. If deemed necessary or useful, CRS may also

submit a letter containing more details surrounding the loss. The following report examples are included [as Attachment 15a p.125: Comprehensive DMCR report](#); [15b p.125: Certificates of donation and disposal](#); [15c: p.125 Letter to USAID to request approval of disposal](#); and [15d p.125: Certificate of Unfitness](#).

Disposition as Animal Feed

If spoiled commodities are fit for animal feed, the first choice will always be to dispose of them by sale to the highest bidder (Follow [CRS' policies on Tender/Bidding](#)). If no buyer can be found, the unfit commodities should be donated to a farmers' cooperative in the region. First preference would be given to a USAID-cooperating sponsored farmers' project in the area. If none exists, the second choice would be a farmers' group sponsored by the local government or by a non-governmental organization (NGO). The farmers who receive the commodities should sign a document specifying the quantity they received and declaring that the commodities will not be passed on for human consumption or sold for any purpose. The responsibility for ensuring this condition remains with CRS. Prior to any transfer of unfit commodities for donation or any other purpose, US Government markings on the bags should be either obliterated or crossed out, or the bags can be emptied at the transfer point of the commodities and the bags returned to CRS for destruction.

Disposal by Destruction

When donating or destroying large quantities of unfit commodities, CRS staff should always arrange for the contracted surveyor to witness and document the donation or destruction.

In its request letter, CRS will indicate to USAID the place where the destruction will take place with the planned date and time for the destruction. During disposal, all stages should be monitored to prevent misuse of the commodity. Photographs should be taken and a detailed report compiled and submitted to USAID/FFP.

The date of planned disposal should be indicated and the opportunity given to the USAID/FFP officer or their designate to attend. Disposal should not begin before this date. If the USAID/FFP officer or their designate does not arrive at the appointed time, disposal may continue. Regardless of the method of disposal used, all bags, tins, cartons or other containers bearing the USAID logo must be destroyed beyond recognition and use.

Destruction by Incineration

If the goods are declared unfit for animal consumption, attempts will be made to destroy the commodities by incineration. This should be done at a municipal or other incinerator. The incinerator operators should prepare a report documenting the destruction by incineration that must be included with the Disposal Report.

Destruction in Municipal Dump

While the above means of disposing of unfit commodities are suggested by USAID, CRS might decide to take a different course depending on reasonable assurance it has that the spoiled food will not end up being consumed by humans or sold in the market. In cases of serious doubt, CRS may decide to destroy the spoiled commodities rather than sell them or donate them for animal feed. CRS strongly recommends exercising caution and ensuring that the destruction be done in an environmentally safe manner.

Regardless of the way spoiled commodities are disposed of, the country program should produce a document confirming the action taken. Attachments 15b, c and d referenced in the previous page, provide suggested examples of certificates for three types of disposal (sale, donation, and destruction).

Handling of Proceeds from Claims against Third Parties or Sale of Unfit Commodities

From the sale of spoiled commodities, CRS can only retain an amount equal to any cost incurred in the disposition of those commodities, such as newspaper advertisement and the like.

CRS is allowed to retain \$150 of any amount collected on an individual claim against a third party. In addition, CRS may be allowed, with the written approval of USAID, to retain special costs, such as legal fees, that may have been incurred in the collection of a claim. However, please note that CRS is not allowed to artificially split a claim in order to increase the amount it would retain as an administrative allowance on collection of claims:

“For example, if a Cooperating Sponsor has a contract with a carrier to transport commodities, and losses occur during a single shipment of commodities from points A to B, the Cooperating Sponsor has one claim against the carrier, and the amount of the claim will be based on the total value of the commodities lost during the shipment from A to B even though some of the loss might have occurred on each of several trucks or by subcontractors used by the carrier to satisfy its contract responsibility to transport the commodities.” (Regulation 11, Section 211.9.e)

The amount of cash that the country program has retained should be recorded in DSPN 1050XXX0000 in General Ledger Account 5430 – Salvage Recoveries. The remaining proceeds from the sale of spoiled Title II food commodities or claims against third parties must be deposited and recorded in DSPN 1050XXX0000 as a payable to USAID in General Ledger Account 3011 (where XXX represents the number of the country program).

All proceeds from claims, no matter the country, must be sent to the USAID in Washington. Consequently, any CRS country program holding proceeds from the sale of unfit Title II commodities or claims against third parties must complete and submit a USAID Collection Form (FFPIBCCCFUNDSTRANSFERFORM) to the Commodity Credit Corporation’s Washington, DC office and the USDA and USAID officials listed on the form and submit an approved wire transfer request to HQ/Finance’s Global Treasury Unit. When preparing the wire transfer request, the country program will attach a copy of the USAID Collection Form to the request and provide the following information:

- Amount to be transferred to USAID (after having deducted the amount[s] to be retained by CRS, if any)
- Cost center and account code where these funds are being withheld
- Details of each loss or claim, including CCC number (refer to DMCR for these details)
- Award number under which the lost commodities were shipped

In turn, the country program should request that Finance/HQ-Grant Unit analyst documentation (i.e., copies of check or wire transfer information) confirming the remittance of the funds to USAID. After payment to USAID, the country program should receive an intra agency file debiting 1050/XXX0000/3011 for the amount sent to USAID.

The amount of cash that the country program has retained should be transferred from 1050/XXX0000/3011 to 1050/XXX0000/5430.

Please note that the above procedures for handling proceeds from Title II commodities losses and claims apply only USAID-cooperating sponsored programs. If a country program is implementing a USDA program, the procedures for handling claims and damaged food sale proceeds are different. As per May 2009, USDA-revised regulations (*7CFR 1499 and 1599*) allow PVOs or cooperating sponsors to keep the proceeds from loss reimbursements and reinvest these funds to further the objectives of the program being funded by USDA. The revised regulations only apply to programs approved after May 2009.

c) Food Loss Records

Since Title II food losses are subject to audit, CRS country programs that implement a Title II program must keep track of each in-country loss,¹⁷ regardless of its nature, by completing a *Damaged and Missing Commodity Report* (DMCR). These reports should be sequentially numbered per fiscal year (for example: 2011/001, 2011/002, etc.) to facilitate identification, tracking and final resolution, particularly in the event a claim has been filed against a third party.

In addition to the DMCR, the CRS country program should keep a general food loss and claims ledger, be it manual (including Excel sheets) or as part of the computerized food tracking system (FoodLog or similar software). Such a ledger will provide to the reviewer a quick and summarized overview of all commodity losses that occurred during a given period. [Attachment 16 p.125](#) provides example of a food loss tracking ledger.

a) Reporting to USAID

CRS shall provide the USAID Mission or diplomatic post a quarterly report regarding any loss, damage or misuse of commodities, in compliance with **Section 211.9(f) of Regulation 11** (22 CFR 211). This report must be submitted within 30 days after the close of the calendar quarter. For losses valued at \$500 and above, the report to USAID shall contain the following information (usually provided in a summarized form on the DMCR):

- Who had possession of the commodities at the time of loss
- Who, if anyone, might be responsible for the loss, damage or misuse
- Type and quantity of the spoiled commodities and size and type of containers
- Estimated value of the spoiled commodities
- Time and place of loss and current location of the commodities
- Project / award number and the CCC contract number (if known)
- Action taken by CRS to recover or dispose of the damaged commodities, including any claims against the responsible party, if applicable

For losses valued under \$500, the report to USAID may be provided in a tabular form, identifying each commodity loss separately; indicating the estimated value of the commodities lost, damaged, or misused; and the action taken by the Cooperating Sponsor with respect to recovery or disposal, including claims against responsible third parties (All this information is captured in the DMCR). If any of the above information is not available, CRS shall explain to USAID why it is not. USAID may require

¹⁷ Marine losses are handled by CRS/HQ-Shipping Unit in coordination with CRS/HQ's freight forwarding agent.

additional information and CRS should be ready to provide it. If CRS suspects that there is a pattern or trend in the losses reported during a specific period, it will report to USAID and investigate further.

If any commodity is lost or misused under circumstances that give CRS reason to believe that the loss or misuse has occurred as a result of criminal activity, CRS shall promptly report these circumstances to USAID and subsequently to the appropriate local government authorities unless instructed not to do so by USAID.

7. Disposal Report

The disposal report will contain the following information:

- Type of food commodity disposed of
- Donor and lot number of the commodity
- Method of disposal
- Reason for the disposal
- Date the commodity arrived in the warehouse
- Date it was disposed of
- Name of witness(es)
- Report from municipal authorities documenting destruction of the commodities

8. Pest Control and Fumigation

Pest Control

Insects, birds, rodents, and other animals will be attracted to any area where food is stored. When stocks become home for pests, the latter contaminate the food and create health hazards for the final beneficiaries. Waste products, common dirt, and potentially, diseases can enter the food in this manner, making it unfit to be eaten by humans. Commodities can arrive in country infested or become infested with insects after arrival. It is the storekeeper's responsibility to maintain the storage facility to reduce or prevent this infestation. In the event of infestation, appropriate measures should be taken quickly to prevent the situation from worsening. Continued incidences could lead to the suspension of deliveries.

Apart from the techniques outlined below, notice of any infestation should be sent immediately to the CRS main office. The program managers will in turn notify USAID/FFP. Notification should include the date and details of discovery of the infestation, type of infestation (insect, rodent, etc.), and any measures taken to improve the situation (fumigation, separation, etc.).

Controlling Infestation:

"The struggle between man and insects began before the dawn of civilization, has continued without cessation to the present time, and will continue, no doubt as long as the human race endures. It is due to the fact that both men and certain insect species constantly want the same things at the same time. If human beings are to continue to exist, they must first gain mastery over insects"; **"Insects are better equipped to occupy the earth than humans since they have been around much longer"** (Unknown author). Below are a few recommendations for prevention or reduction of infestation in a warehouse:

- Keep a clean warehouse and manage the pipeline so commodities don't sit around long enough for insects to find them and attract other insects inside the warehouse
- Spray insecticide on the inside walls of warehouse. Use long-lasting insecticides that stick to walls, repel pests, kill on contact, and will not damage commodities.
- For flying insects, the insecticide must hang in the air and be non-toxic to humans
- Remove all rubbish, used bags/tins and other materials where pests can hide
- The warehouse manager must ensure that the staff is well trained in the use of insecticides and that first aid kits are available.



More information can be found in the [CRS FAM Guide to USAID Environmental Compliance Procedures](#), which is easier to read than Reg.216

Rat Infestation Considerations:

Rats urinate over preferred foods. Their urine attracts other rats to that food source; this is one way that food preferences are culturally transmitted between rats (*Galef and Beck 1985*). According to *Home and Garden*, rat urine in a home (or warehouse) can spread disease to human residents while attracting other rats. Safe and effective removal of this toxic substance calls for professional equipment and expertise.



Rat urine and droppings can spread diseases carried by the rats themselves and they can also host dangerous airborne fungi and viruses that endanger occupants (and commodities stored at the warehouse). The scent of the urine can summon other

rodents, increasing the infestation and the accompanying health hazard.

Home and Garden further warns that “rat urine poses such a significant health risk that Pest Control recommends the use of biohazard suits, complete with gloves and respirators, when removing it.” Whenever CRS employees detect the presence of rats through droppings, urine, or sightings, they should immediately solicit pest control experts to detect their main nesting area, quarantine the commodities contaminated by rat urine, eliminate the rats, and keep them from returning by blocking/closing their potential access point and placing traps outside the warehouse near their suspected access points.

Insect and Rodent Control in General

An effective pest-management program always begins with a thorough inspection of the facility to identify sanitation problems and to locate pest nests and refuges. The warehouse manager must be

aware of the facility's vulnerability to pests and should discuss with a fumigation expert the type of treatment program that would best meet the specific needs of the facility. Insecticides applied in food storage facilities must not come in contact with food products unless otherwise advised by the manufacturer. Continual monitoring, record keeping and follow-up are required to ensure that the pests are being controlled. To effectively control rodents by following the recommendations below:

- Use covered trash containers, not just plastic or paper bags
- Keep grass cut, especially around sheds and buildings, and along fences. Weeds provide niches for insects and rodents.
- Do not throw food or fruit or vegetable wastes outside the facility. The warehouse manager or delegate has the responsibility to ensure that all wastes are placed in covered trash containers. Fallen fruit from trees should be picked up and placed in covered containers. Lids on containers are sometimes loose and can be kept in place with a big stone for example.
- Refer to General Housekeeping under Warehouse Safety and Security of this manual (Section C/phase 7).

Diseases and other problems associated with rodents (See about rats above):

- Rodents reportedly carry and spread as many as 200 human pathogens either directly or indirectly
- Fleas and ticks that feed on disease-infected rodents can pass those diseases to humans, lyme disease for example
- Rodents can contaminate food supplies with their feces and urine

Controlling Measures

Good pest control is an integrated approach that starts with pipeline management and includes preventive methods such as good hygiene, appropriate segregation of stock (??), traps and physical barriers. (See the Inspection section below.) These preventive methods are favored over chemical methods (below) even though chemical methods are a good way of preventing and controlling pests.

Insects

Storekeepers should reduce insect infestation by keeping the storeroom clean and dry. Experience and world-wide observations have shown that the principal sources of infestation are piles of food remaining in corners or out-of-the-way places that are being overlooked by those sweeping the storeroom. Any such accumulation will soon be located by insects and used as a feeding and propagation area. Insects require food and if food is not present they will leave the area.

Birds

Birds like to nest in storerooms, as they are both places of shelter from the elements and sources of food. Bird urine, excrement, fleas and feathers contaminate the food stock and storeroom.

Summary of Detection and Handling of Infested Commodities

Classification	Description	Action
Clean	No apparent infestation	Keep warehouse clean and inspect regularly
Light	Occasional evidence of infestation	Distribute commodities as soon as possible .
Medium	Obvious infestation; insects seen moving in and out of sacks	Fumigate immediately
Heavy	Sacks show damage from infestation large quantities of insect observed	Separate immediately; test in lab; dispose as recommended

Figure 13: Handling Infestation

Inspection Chart to Determine Degree of Commodity Infestation

Number of insects/kilograms found	Classification of infestation	Recommended action
Over 15 insects per kilogram	VH Very high infestation	Put commodities in quarantine, have them fumigated, followed by lab test for fitness
Between 3 and 15 insects per kilogram	H Heavy infestation	Put commodities in quarantine, have commodities fumigated, followed by lab test for fitness
Between 0.5 and 2.9 insects per kilogram	M Moderate infestation	Have commodities immediately fumigated and put them on priority distribution list
Between 0.25 and 0.5 insects per kilogram	L Light infestation	See chart above
less than 0.25 insects per kilogram	VL Very light infestation	See chart above

Figure 14: Classification of Infestation

Inspection

- Make regular inspections to ensure the quality of the food. Inspections should be carried out weekly and every time a physical inventory is taken.
- Clean the storeroom regularly. It should be cleaned after every loading and unloading operation, and at least once a week prior to the physical inventory check.
- Clean spillage immediately. Do not allow spillage to remain overnight without cleaning.
- Close or remove open food containers
- Repair damaged packages
- Remove and dispose of food unfit for human consumption
- Install physical barriers such as screens, mosquito nets, door sweeps or thresholds at the base of all exterior entry doors and seal cracks and leaky pipes
- Regular inspection of the interior and exterior of the storeroom should be carried out and possible rat nests, garbage, deteriorated equipment removed. No garbage or other items should be stacked against the outside of external walls.
- Close any holes or openings in the walls, floors and ceilings that permits entry of rats or birds.
- Other preventive methods such as sticky traps for rodents and UV lamps for insects can also be implemented

Fumigation

In the context of food management and pest control, CRS requires that fumigation of agency warehouses be undertaken by trained professionals. **See the example of a fumigation contract in [Attachment 17 p.125](#).**

Important

Anyone handling traps, poisons, baits or dead rodents should clean their hands thoroughly before carrying out other duties.

Rodents

Rodents (rats and mice) eat lots of grain. **They will be attracted by any commodity. Their urine, excrement, fleas and hairs contaminate the food stock and storeroom. People who consume food contaminated by rodents can catch many illnesses. Rodents should be eliminated, preferably by means of mechanical traps.**

- Traps are fairly effective at controlling rats
- Spring traps are the most common
- Traps avoid the bad odor of hidden dead rats (killed by poison or bait)
- Traps should be inspected daily. If dead rats are discovered, they should be removed immediately, the area cleaned and the trap reset.
- Poisons or baits work well, but are not recommended. They have the disadvantage that the rats will often die in their nests. This could be among the food stocks, where a decomposing rodent will add to the contamination.

Chemical Methods

Insecticides are chemicals that fight and exterminate the insects capable of destroying food stocks. The two kinds of insecticides most used for insect control are the Contact Insecticides and Fumigants (poisonous gases).

- Fumigation should only be carried out by qualified personnel. Normally a fumigation of the entire warehouse will be done, but in some cases will be done on individual stacks. Evidence of certification by an appropriate authority should be obtained prior to making any contract for fumigation.
- No one should enter a storeroom that has been fumigated for at least three days following the fumigation, unless otherwise instructed by the fumigation personnel.
- Following fumigation, food stocks should be examined by qualified laboratory to determine if they are fit for human consumption and to approve distribution of commodities.

Safety Precautions: Fumigants are toxic chemicals, capable of killing people as well as pests. Accidents can take place before, during, and after fumigation if precautions are not taken. Remember the importance of following manufacturers' instructions, such as:

- Operators should never work alone.
- Gas masks should be made available to CRS employees present during fumigation and aeration.
- It is the responsibility of the fumigating company to handle all phases of fumigation, which will include removing stack covers and airing out the warehouse. If for any reason a CRS staff's exposed body parts come into contact with chemicals, the employee should wash immediately with large amounts of soap and water even though the chemical may no longer be visible.

Important to Remember

The tarpaulin should not be left on the stacks for extended periods, as condensation may form underneath, allowing mold to grow. After fumigation, the warehouse should be opened for three days for aeration and ventilation. No warehousing operations should be undertaken during that time.



Important

Plastic sheeting must **NOT** be used to cover commodities after fumigation. **Instead, 200g/m² tarpaulins are to be used.**

Post-Fumigation Inspection and Follow Up:

CRS staff should expect the warehouse to remain closed for about one week after fumigation. The fumigation company will inform CRS when it is actually safe to re-enter the warehouse. The warehouse manager should then inspect the fumigated area to ensure that there is no sign of live insects. The fumigation is considered successful if it has completely killed all stages of insect life.

9. Physical Inventory

Definition

According to USAID MYAP guidance, a physical inventory count includes:

“Those quantities of Title II commodities which are in customs warehouses, in Cooperating Sponsors’ warehouses, storage by the Cooperating Sponsor’s counterpart distributing agencies, or which are in transit in the country from ports to internal warehouses or central points. It does not include stocks at schools, feeding centers, work sites, and institutions for immediate consumption, or stocks in transit from intermediate or central distribution points to recipients for immediate distribution”.

Physical inventories are verifications of stock quantities in warehouses or other storage areas. A physical inventory is not based on existing warehouse records/ledger but is an action to confirm quantities in the warehouse and compare them against the warehouse records/ledger for accuracy. The physical inventory exercise is the keystone of an effective commodity accountability system. Without physical inventories it is not possible to ensure that the commodities are not being lost, damaged, or stolen. Information from the physical inventory is essential in completing the commodity status report, which should be prepared monthly and submitted quarterly.

Periodicity

Physical inventories must be done monthly at a minimum and more regularly as necessary or requested. To properly account for commodities it is necessary to establish on a regular basis the actual amount of commodities in a warehouse.

Treatment of Commodities in Transit

Commodities that are being transported between warehouses are also to be included in the physical inventory count total as commodities in transit/not yet available. The quantity on the waybill is used as the “count” in such cases.

Who takes a Physical Inventory?

Physical inventories are carried out by CRS staff independent of warehouse or logistics staff. It is advisable that individuals who perform physical inventories be rotated so they do not perform consecutive physical inventories at the same warehouse. Participation of program, audit, and finance staff is recommended.

Documenting Physical Inventories

Physical inventory reports must document and report the following for each warehouse counted:

- Number of stacks in the warehouse
- A comparison of the actual count for each stack against that stack’s stock bin-card
- A total for all stack counts compared to those per the warehouse ledger
- Types of commodities stored at the warehouse
- Condition of the commodities
- Description of the conditions at the warehouse and commodity stacks at the time of the count



- Recommendations for improvement, where warranted
- Date of count
- Location
- Names of the employees who performed the count

A copy of the report should be left with the warehouse manager and a formal report submitted to the program manager. Explanations of any differences found should be reported directly to the CRS country office and losses should not be resolved or written off by the person(s) who performed the physical inventory count. **(See example in [attachment 18 p.125](#)).**

The program manager will contact the warehouse manager to discuss discrepancies in the physical inventory count. All discrepancies must be explained and/or corrected. Once the physical inventory is completed and all data verified, the actual counts should be shown in the ledger and the approved adjustments to the previous book balances for the respective items should be recorded in the ledger



Warehouse Activity Summary

ACTION	DOCUMENTS	RECORDS	REPORTS
1. Accept Delivery of Commodities	a. Delivery Note/Receipt	a. Stock Control Ledger and Delivery Note file	a. Monthly Inventory reports
2. Physical Inventory count on arrival to assess possible occurrence of or need for: Shortages Damages Disposition of Unfit Commodities Repackaging Follow-up Settlement with transporter in case of claim	b. Certificate of Fitness for human consumption if damaged c. Certificate of Disposition or Destruction d. Certificate of Proceeds and Receipt if sold e. Invoice for Repackaging if partially fit f. Claim letter to the party responsible for damage or shortage g. Authorization for adjusting book inventory	b. Internal Loss Ledger Record of Loss in stock on ledger and Inventory Sheets c. Internal Claims Ledger	b. Notification to PVO central office. Include Losses as entry on Inventory reports and indicate on delivery note(s). c. Notification to USAID Mission d. Monthly Summary of Interior Claims showing value, age, and status of claim. e. Claims report
3. Fumigation	h. Receipt, if contracted out	d. Fumigation Ledger	f. Fumigation status report
4. Monthly Physical Inventory (In case of loss or damage, see 21-v)		e. Inventory Control Sheets and Stock Ledgers	g. Physical Inventory Report h. Commodity Status Report (CSR)
5. Transportation to distribution points for recipients <i>If moved to a secondary warehouse the identical steps listed above would be repeated</i>	i. Allocation Sheet j. Delivery Notes k. Waybills		

Figure 15: Table of Warehouse Activities

SECTION C/Phase 9: Dispatch Planning

Dispatch Planning:

A good dispatch plan facilitates the smooth and consistent movement of commodities throughout the supply chain to ensure supply-chain integrity; provide an indication of available commodities, warehousing equipment, space, and staff requirements (drivers, day laborers, partner availability to receive their allocation, etc.); facilitate the identification and movement of required transport equipment; and balance commodity stocks in order to allocate workloads efficiently and reduce the time beneficiaries spend waiting for distributions. The dispatch plan should include dispatch dates, destinations, estimated times of arrival, commodity types, transport method, identification, and quantities.

Phase 9: DISPATCH PLANNING

Staffing

Staffing for distribution planning involves a chain of functions starting with the program coordinator, who initiates a requisition for commodity distribution (RFCDD). Upon receipt of the RFCDD, the logistics manager prepares the dispatch plan for the approval of the program coordinator. The logistics manager decides on who leads the pipeline review, who, in turn, coordinates pipeline analysis and warehouse preparations with the warehouse manager; transportation with the logistics staff; and security and road conditions with the security manager. The warehouse manager, in turn, will recruit additional laborers as needed and instruct them how to perform their work.

Procedures for dispatch planning

The program manager initiates the project's (Non-Emergency Program/MYAP, Emergency Program/SYAP or other) distribution plan or RFCDD (requisition for commodity distribution) for a pre-determined period and will forward it to the logistics manager for coordination of pipeline analysis and follow-up actions. The distribution plan will include the names of organizations/institutions or individuals to whom the commodities should be sent. The logistics manager will coordinate with other programming and distribution staff to develop a dispatch plan. The dispatch plan will then be returned to the program coordinator for approval.

Business Process for a Dispatch Operation

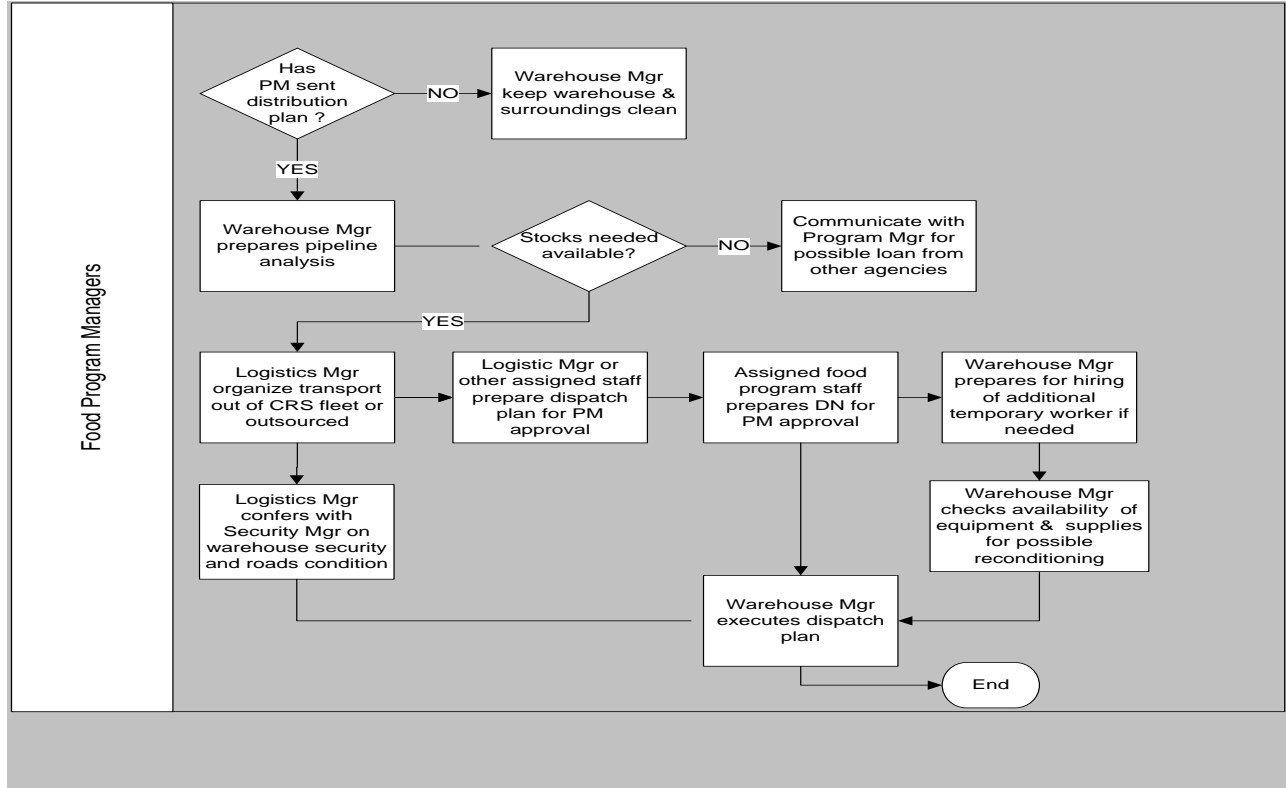


Figure 16: Flowchart for Dispatching

Business Process for a Dispatch Operation

The approved dispatch plan is then sent to the logistics manager or other designated staff for preparation of dispatch notes (DN), also called waybills. There should be at least one DN for each delivery. Two recipient agencies or two separate deliveries cannot be recorded on the same DN. Similarly, commodities transported by two different trucks cannot be on the same DN. A DN must always be issued (with authorized formal delegate approval) when commodities are dispatched from a warehouse, no matter how small the amount or short the distance the commodities may be transported. DNs document:

1. The type and number of commodities shipped from a warehouse
2. Their receipt at the destination warehouse or distribution point
3. The condition upon receipt
4. The completion of contracted transport services

Preparation of DNs

DNs ([attachment #26, p. 125](#)) can be prepared by any warehouse staff but must be approved by the Warehouse or Logistics Mgr in compliance with the authorized dispatch plan and with the signatory authority protocol, approved by the CR.

DNs are prepared manually and contain the following information:

- **Warehouse** is the storage facility dispatching the commodities
- **DN No.** is a unique reference for the DN
- **Date** of the issuance of the DN

- **Shipment/consignment number** from which the goods are sent
- **Deliver to** is the location/destination the commodities are being shipped to. If necessary, it will include a warehouse name and address.
- **Distribution site** is used when commodities are being shipped to a distribution site and not another storage facility
- **Quantity** of each commodity sent
- **Authorized Receiving Official** is the person who can sign for reception of the commodities.
- **Authorized by** is for the signed approval of the logistics manager, based on PM-approved distribution plan
- **Unit type** (e.g., 50 kg bag, etc.)
- **Type of commodity**
- **Name of the truck driver**
- **Truck Plate number** and, finally the following section:
- **Loaded in Good Condition and in the Quantities Ordered** will be signed by authorized warehouse staff and the transport representative upon completion of loading

DNs are to be distributed as demonstrated in table below:

1 original and 4 copies	DN Distribution	Utilization
Original	To the warehouse manager for the transporter	To justify payment request
Copy 1	To the warehouse manager to the transporter for the delivery location	For partner's records, inventory
Copy 2	To the warehouse manager for the transporter	Transporter's records
Copy 3	To the warehouse manager	Warehouse records
Copy 4	Stays with the program manager	Food Program Unit records

Figure 17: Dispatch Note Routing

Loading Trucks for Dispatch to Sub-Recipient Warehouse. When loading trucks, the Warehouse Manager will check the following:

- Sanitary condition of commodities before dispatch (**see sections on fit and unfit damages**)
- Damaged bags and containers should be segregated before dispatch
- Laborers should remove bags from the top stack in a step fashion rather than dropping from the top to the floor
- The ordinary procedures for dispatch are followed (**see below from FIFO to FEDFO**)

If quantities to be dispatched required additional man power for loading operations, the Warehouse Manager will submit a justified and document request from his supervisor for hiring casual laborers.

Casual Workers

When casual workers are recruited, the warehouse manager will oversee and ensure their basic training in handling, loading and unloading commodities, safety and security guidelines on ways to avoid accidents, and information about priority delivery of commodities (**see paragraph below on**

FIFO). The warehouse manager will also complete a daily report for each day of work completed by the casual workers. The report will indicate the nature of the activities, quantities moved, and license plates of trucks that are unloaded or loaded, and names of the workers who loaded/unloaded the trucks. This report will justify payments to the workers based on a daily fee agreed upon by CRS and the laborers. The invoices confirming receipt of payment are to be returned to the CRS Finance Department after each worker has signed them.

From FIFO to FEDFO to RI:

In previous years, food distribution manuals only recommended one order of priority for distribution from stocks. It was known as First In First Out (FIFO). Nowadays, FIFO comes third, after FEDFO (First Expiring Date First Out) (**Refer to BUBD in Section C/Phase 11b**) and then by Reconditioned Items (RI). It is important to remember that RI takes precedence over FIFO in the order of distribution of commodities.

Packaging, labeling, branding, and marking

During loading operations, it is essential to ensure proper packaging (**Packaging section, Phase 3.2**), labeling, and marking of the commodities **How to Guide Branding and Marking (Internet Ref. #24, p. 123)**. Labeling allows receiving staff to easily identify the contents of each package, account for them, and stack them correctly at the reception point. Proper labeling also facilitates distribution. Commodities reconditioned in unmarked containers and markings should be clearly marked with the

To Remember

Various warehouses will have different staff structures depending on their scale, but it is the warehouse manager who oversees the loading of the commodities during dispatch. During the dispatch, warehouses should follow the priority of distribution: 1) RI (Reconditioned Items); 2) FEDFO (First Expiry Date First Out) and; 3) FIFO (First In First Out).

In summary, commodities that have been reconditioned should take precedence and be dispatched before other commodities.

donor's logo, type of commodity, weight and volume, a reference to a shipping document to ensure traceability (for example Contract Number, PL [packing list], CCC, and any unique specifications if feasible. Furthermore, care should be taken to ensure that commodities remain protected during transit; for example, with tarpaulin or plastic sheeting if required, and adequate security.

Signing of Dispatch Notice (DN) after loading of trucks

Once loading has been completed, the DNs are treated as follows:

- Four (4) copies are signed by the warehouseman and transport representative (e.g., driver)
- One copy remains at the warehouse DNs book
- Three (3) copies go with the truck driver



Upon completion of offloading at the point of delivery, damage and losses are noted on the three DNs and the three copies are signed by the staff person authorized to receive goods and by the truck driver.

- One copy remains at the delivery point
- two (2) copies return to the dispatching warehouse with the truck driver
- The original DN is returned to the program manager by the transport company to justify a payment request, effectively closing the dispatch operation
- The last copy is retained by the truck driver for his/her records.

The dispatch notice (DN) is the record of all dispatches from a warehouse. Dispatching commodities from a warehouse without an approved DN is a serious offence and the violator will be held accountable and required to pay for the value of the commodities wrongly disbursed.

Important

Once produced and approved, DNs cannot be modified or changed without the signature of the individual who approved the original DN. All DNs, even voided copies, must be retained on file.

As previously noted, properly signed DNs serve to justify payment for transport services and document claims for loss or damage.

Recording Dispatches:

Once commodities have been loaded onto transport, the warehouse ledger and stock cards are updated to reflect reductions in stocks. Information on the DN document entries must be reflected in the ledger and stock cards. Each DN will be entered in the warehouse ledger and reflect the date, DN number, donor (if necessary), transport ID number and destination with a corresponding entry in the “out” column of the specific commodity. Entries on the stock cards must mirror those of the ledger. DNs are filed chronologically.

Actual Dispatch: Transport of the Commodities to Sub-Recipient or Other Third-Party Warehouse

Safety and Security during transport of food commodities: CRS must always consult with local authorities, local sub-recipients, and the UNDSS (UN Department of Safety and Security) prior to sending food to an at-risk location.

In some countries, CRS manages its own fleet of trucks and hires drivers to operate them and dispatch food to partners. Security must be exercised during CRS transport of food shipments as well as when transport of commodities is outsourced. Under “abnormal” situations — for example, at a time of acute crisis/disaster leading to absence of law and order — the donor and CRS will arrange for increased security. Under normal conditions, however, it is not unusual that trucks carrying food become victims of acts of banditry and looting.

The CRS managers for security, logistics, and the warehouse have a joint responsibility to educate and train CRS staff (truck drivers, loaders, and security agents) in internal control, safety and security awareness, and teaching them to be attentive to the following for necessary follow-up and corrective measures:

Safety

- a. Inspect interior of trucks arriving at the warehouse for loading to detect any unusual device (nails or other sharp instruments apt to tear the bags or puncture containers and cause spilling of food). Immediately report suspicious findings to the warehouse manager.

Security

- b. Ensure that trucks are closed, sealed with secured locks as to deter any slightest intention of bandits to attack the truck.
- c. Develop and implement procedures for drivers to ensure security of the truck when stopping along the delivery route for meals, gas, repairs or rest (e.g., drive away in a safe and secure manner when suspected groups are approaching the truck and seek a secure location to stop the car and ask for assistance; avoid stopping near crowds as much as possible and park the truck at secured locations).
- d. Train CRS drivers on security precautions while en route (e.g., no ride provided to non authorized personnel as per the agency policy. The following link to the [vehicles management booklet](#) (**Internet Ref. #28, p.123**) provides for an extended consolidation of CRS' vehicle policies.
- e. Provide CRS' trucks with communication equipment and train drivers to immediately report unusual situations to the security manager; for example, when being followed.
- f. Hold CRS drivers accountable for ensuring that security measures are taken.



SECTION C/Phase 10: Arrival of Commodities and Storage at Sub-Recipient Warehouse

Dispatching does not always mean trucking:

In the CRS context, “dispatch” is the transport of commodities from a CRS warehouse to a delivery point. Transportation involves the movement or flow of commodities. With few exceptions, CRS’ transportation is made by trucks, either owned or outsourced. Other modes of transportation include the railway, ocean, river, animals (of burden), or humans. At times of emergency and when roads are impassable, CRS’ partners may use donkeys, mules, or horses, and even camels. Regardless of the mode of transportation available, the same principles of accountability and respect for our partners and beneficiaries will apply.



Phase 10: ARRIVAL OF COMMODITIES AND STORAGE AT SUB-RECIPIENT WAREHOUSE

Prior to the dispatch of a consignment CRS Logistics will have informed each Sub-Recipient of the upcoming delivery of their allocation or other transaction. As needed, additional information may include number and capacity of trucks sent, type and quantities of commodities, and any special instruction or requirement.

Important Tip

Sub-recipients must never receive delivery of commodities after dark!

Receipt of Commodities at Sub-Recipient Centers

Upon arrival and receipt of commodities, it is necessary for centers to inspect commodities immediately to:

- Determine shortages, damages, unfit commodities, and any need for repackaging
- Ascertain any need for disposal of unfit commodities
- Establish or document claims against any loss or damages caused by the transporter
- Properly store and account for the commodities following the established practices for a warehouse (Ref: Section C/Phases 7 & 8).

Documenting Receipts at the Sub-Recipient Warehouse



Upon completion of download at destination, both the staff receiving the commodities and the transporter must complete the sections “Condition at Discharge” and “Received as Indicated” in the column marked “Condition at Discharge” of the delivery note or DN. (see [attachment 25 p.125](#)) If any loss needs to be reported, the receiving official will fill a Loss and Claim report (in some countries this report is called Loss, Misused or Damaged Report or DMCR for Damaged or Misused Commodity Report) to support any damage or loss noted (Ref: Sections 7 & 8). The report will also document reductions in payments in case of shortage in deliveries in accordance with *Reg.11 ,211.9's* requirements in regards to handling of claims.

Signing of DNs After Receipt of Commodities

The authorized receiving official will receive three copies of the DNs for signing relevant sections and distribution as follows:

- The original and two (2) copies are signed by both center representative and transporter
- The authorized official or center representative will keep one (1) copy for their records
- The original and the other copy all signed by both center representative and transporter are returned to the transporter
- The signed version of the original DN is then returned and submitted to the CRS program

- coordinator who will verify and approve the vendor's invoice for payment to the transporter
- The original DN will be retained in CRS' Finance files, thus closing out the dispatch operation.

Sub-Recipient Responsibility After Receipt of Commodities

The sub-recipient will keep commodities separate from other goods. As it is required for CRS' warehouses, sub-recipients receiving food commodities for distribution to beneficiaries must also maintain a commodity ledger (see [attachment 19 p.125](#)) with the following information for each type of commodity in inventory:

- Opening balance (the center balance before latest receipt).
- Receipts as reflected in the DN mentioned above.
- Reconciled balance (opening balance – distributions + receipts)
- Distributions from center warehouse by day of distribution and by type/quantities
- Dates of each receipt and distribution
- A running balance of food in stock. The ledgers must be kept up-to-date so the balance in the ledgers always matches the actual amount of food in the store.
- Losses (a separate documentation will explain reason for the loss)
- Dates and amounts of each inventory adjustment and count

Apart from the center ledger, a separate beneficiary list must be maintained to reflect:

- The dates of distribution
- The number of recipients served
- The identity of the recipient and type and amount distributed

If a copy of the list cannot be obtained for CRS' records, the monitors or end-use checkers must:

- Verify the list
- Sign and note day of the verification and mark in their visit report that they verified the beneficiary list and report their observations

Record Keeping at Sub-Recipient Center

The Sub-Recipient center also needs to have a system in place to record distribution and other food movement (receipt, losses, damages, returns to CRS etc) to facilitate submission of their monthly commodity status reports (CSR), recipient status reports (RSR) and loss reports to CRS (**Section C/Phase 12**). These records need to be kept as permanent records and, as in any accounting system, cannot be altered without a record of that alteration. If the ledger records that a beneficiary has received a certain amount of commodity and the beneficiary has marked next to that figure that they did receive that amount, this cannot be changed unless the beneficiary convinces the CRS' representative that the first entry was incorrect.

Reg.11.211.10 requires records to be "retained for a period of 3 years from the close of the U.S. fiscal year to which they pertain, or longer, upon request by AID for cause such as in the case of litigation of a claim or an audit concerning such records." In addition, CRS CPs must follow the [CRS Retention Policy](#). The policy that is most restrictive must be followed. If a distribution center closes, CRS must request that all food distribution records be turned over to the country office and the country office needs to keep these records in a secure manner.

A record of each beneficiary must also be kept by CRS in addition to the partner. The purpose is to

enable CRS, when checking a center's records, to determine that the recipient actually exists and received the ration. If necessary, CRS could track down a listed recipient and confirm that they actually received commodities.

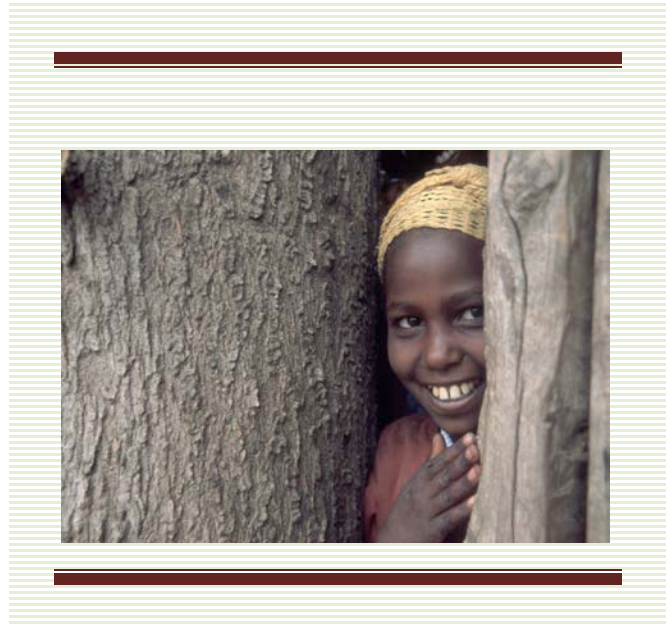
Storage at Sub-Recipient Center

The storage of commodities and the handling of losses, damaged commodities, or unfit commodities is the same for a center store as it is for a warehouse. Implementing partners/sub-recipients must be aware of the procedures used to store and account for the commodities, and all losses must be reported on a standard reporting document ([attachment 20 p.125](#)) to the CRS country office and claims filed as determined by the office.

Management of Unfit Food at Sub-Recipient Center

CRS must establish a reporting system to collect and document suspected and/or recorded unfit commodities from sub-recipient centers, and take action for the disposal of the commodities (refer to **Phases 7** and **8** on unfit commodities and claims). Proper management of unfit food (and follow-up claims) is critical to ensure the fitness of commodities distributed to beneficiaries.

Consequently, training in the commodity management system should be given to sub-recipient staff (including distribution site representatives) and periodic follow-up and monitoring by CRS staff is essential. Training of all food program personnel, (both CRS, and partner staff) is of utmost importance for the efficient management of the food assistance program, and must be provided before the start of the program, during implementation, and on an ongoing basis (through formal, organized training sessions and informally, through knowledgeable staff during work interactions). See more on training in **Section C/Introduction and Section C/Phase 11a, # 5**.



Sub-Recipient Monthly Reports

The sub-recipient will use information from the master ledger and from its beneficiary list to prepare the following reports:

- Commodity Status (CSR)
- Recipient Status Report (RSR)
- Loss Report

To prepare the commodity status report, the center will enter:

- Opening balance of the reporting period,
- Total received during the reporting period
- Quantities distributed

- Unfit stock and other losses
- Total served during the reporting period, and,
- Balance available at the time of report.

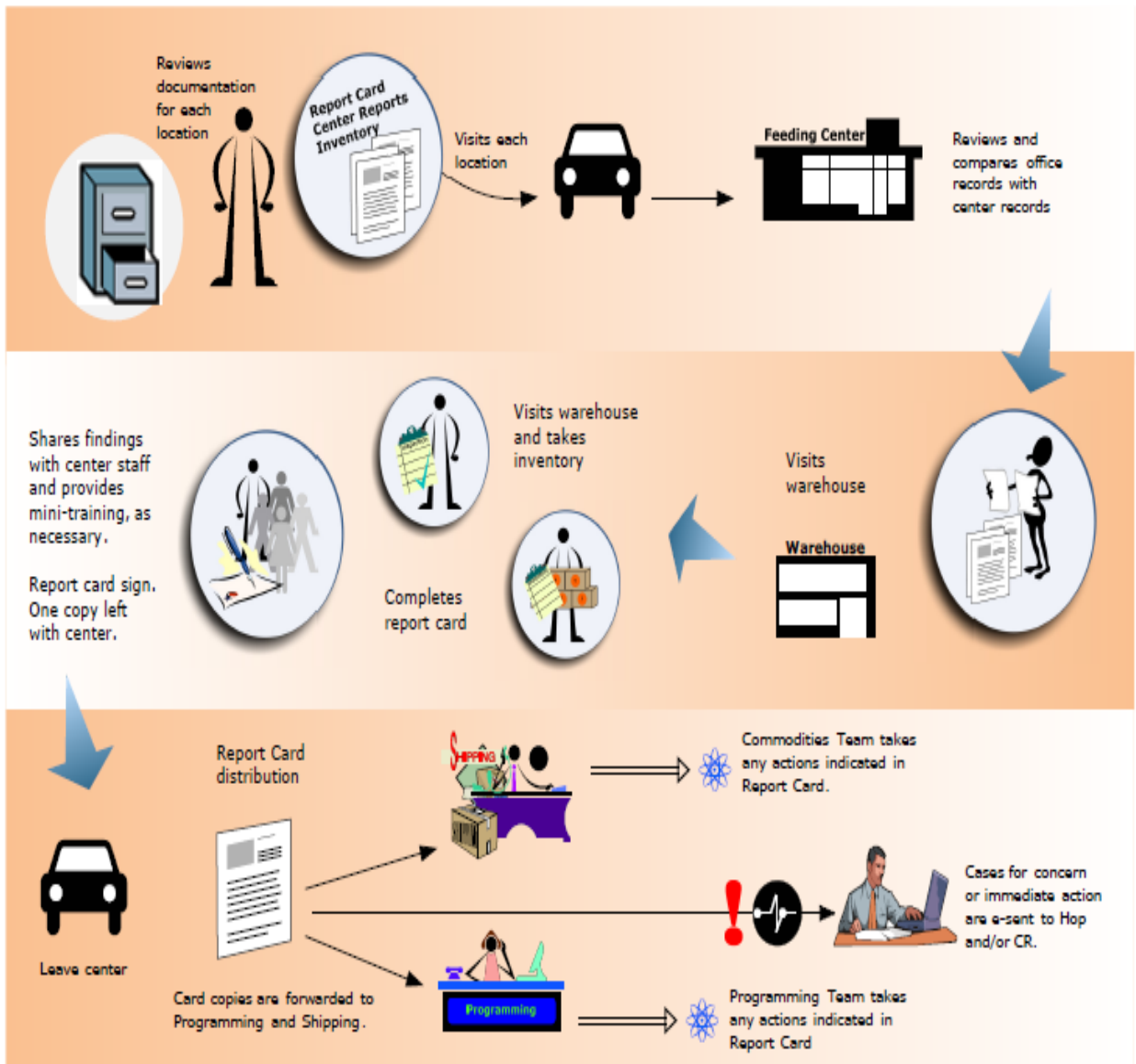
All these documents must be available for CRS staff (end-use checkers [**section C/Phase 11**] or other food program sub-recipients) and donor visitors upon request.

SECTION C/Phase 11a: End-Use Checking and Monitoring

Cycle of End-Use Checking

The graph below walks us through the phases involved in end-use checking before returning to the CRS offices. A visit report should include a conclusion and recommendation for the program manager to follow up on.

End-Use Checking Workflow Process Diagram



Technical Writer: Debra Lynne Edwards / CRS/WARO

PHASE 11a: END-USE-CHECKING AND MONITORING

CRS distributes food resources to meet program objectives of several program categories (emergencies, education, health, natural resource management, water, sanitation, etc.). It is imperative that food monitors and end-use checkers be familiar with the programs to which they are assigned in order to:

- Ensure proper management of the commodities
- Provide support and coaching to sub-recipients in systems control, accountability, and guidance to solve problems
- Participate in the evaluation of the effectiveness or impact of the program over time
- Compliance with *USAID Reg.11*

The programming department of a country program is responsible for defining program objectives, beneficiary selection criteria, operations, and implementation plans. It is, however, important for program staff to involve commodity and logistics staff in the early stages of program design to facilitate more efficient supervision by end-use checkers and monitors (**see the organizational chart prototype in section C**).

Monitoring is a two-pronged approach. While it is imperative to verify proper usage of the food for their intended beneficiaries (this aspect is identified as end-use checking), it is equally important to validate the impact of the program's effectiveness (identified as monitoring). In this manual, end-use checking and monitoring will be used interchangeably because, depending on the program, the same staff performs both functions.

1. Definition of Monitoring

The monitor focuses mostly on the implementation of proposed activities that would help achieve the program's goal and objectives. For example:

- Is the data collection system in place and working?
- What are the program's outputs?
- Are the indicators and benchmarks measurable?
- How is the program improving the lives of the beneficiaries?
- Has their food security been enhanced? How? If not, why not?
- Are there any factors impeding achievement of the objectives? What can be done to correct this problem?
- Are there any correcting measures to be taken to ensure achievement of proposed objectives? Or must these objectives be modified?

Both end-use checkers and monitors are expected not only to identify problems -- what is not working according to program's expectations and regulations-- but also to offer possible solutions to those problems and to assist the beneficiary centers and implementing partners in achieving their objectives.

2. Definition of End-Use Checking

End-use checking is the process by which an end-use checker collaborates with stakeholders to ensure proper management of commodities intended for targeted beneficiaries in all aspects of the

distribution chain, from receipt at the partner warehouse, warehousing and storage, to final distribution to beneficiaries. This includes:

- a. Commodity accounting (documentation and records, loss and claims, adherence to program parameters, verification of beneficiary ID card system, etc.)
- b. Monitor use of program income, contributions from program participants, and proceeds from sales of empty containers by sub-recipients for program operations
- c. Distribution (has the distributed item reached its intended beneficiaries?)
- d. Ration (has the beneficiary received the correct ration in accordance with the approved plan?)
- e. Reporting (center reports and submission of monitoring reports documenting problems encountered and recommendations left to the site for their resolution)
- f. Verification of adherence to other donor requirements such as branding, marking, and BUBD (**see Phase 11/b**). End-use checkers provide feedback to management in order to improve operations and undertake timely corrective measures

This section of the manual will focus more on the end-use checking function, focusing on proper use of the program's food and financial resources by the recipient centers or institutions.

Staffing

Country programs implementing food assistance programs should make sure to budget and hire enough staff to enable timely — and quarterly at minimum — observation and monitoring of distributions, monthly inventory, to detect training needs or coordinate/provide adequate training to partner staffs for improved commodity management up to the most remote warehouses.

3. Responsibilities of End-Use Checkers

An end-use checker, also called food monitor, will ensure compliance with CRS and donor requirements:

- Availability of internal control systems for efficient monitoring of the program by sub-recipients and staff
- Center/site records and physical inventories are reconciled and s/he will report if distributions are equitable or not
- Sub-recipients are following procedures as stipulated in signed agreements with CRS
- Sub-recipients are familiar with procedures that regulate losses, and losses are managed as per requirements
- Registered beneficiaries receive their intended rations as stipulated on their ration cards. Ration cards are a key tool in the provision of food assistance. After registration of beneficiaries, ration cards are used to identify and facilitate monitoring and control.
- Control procedures are adequate at each stage of the distribution chain to minimize risks of misappropriation and corruption
- Commodities are handled in line with GACAP and other donor regulations
- There is fair beneficiary selection (confirm that beneficiaries meet requirements stated in the program description)
- Marking and branding are observed — beneficiaries are aware of the source of food and rations they should receive
- General conditions of the storage facilities are up to norms and standards
- List of beneficiaries are checked — by choosing a sample — to verify whether the names on

the list represent actual persons

- Determination that enrolled beneficiaries meet the program's criteria
- Examination of food stocks to verify whether shipped amounts have been received
- Assessing whether the established distribution rations have been followed
- Inquiry about food losses (e.g., spoilage, theft, spillage)
- Checking on the use of program income, if any (e.g., recipient contributions, sale of empty containers, funding)
- Determination that RI, FEDFO or FIFO are in use, etc.

A suggested end-use-checking form is provided in [Attachment 21 p.125](#). A copy of the completed end-use check form will be left at the distribution site for review during the next visit.

4. Definition of Distribution

Distribution in the context of this manual is the process by which commodities are transferred to the intended beneficiaries for their intended purpose in conformity with selection criteria, type of commodity, and pre-determined ration size. This must be done with respect for the dignity of the individual receiving food assistance.

5. Sub-Recipients

A close liaison exists between CRS and our partners and beneficiaries. CRS' end-use checkers represent CRS management during visits to sub-recipient sites, and as such, must understand that their role is NOT to be confrontational but to cooperate and collaborate with our stakeholders in order to facilitate efficient implementation and achievement of program objectives. Visits by CRS staff or donors are meant to produce positive impacts on site management.

Partners/sub-recipients will have been provided training in capacity building and other instruments to encourage efficient oversight of their staff. However, for both CRS' end-use checker and sub-recipient personnel to perform the responsibilities entrusted to them, they will ensure that their monitoring staff are trained in food assistance commodity management prior to implementation.

6. Training Components

End-use checkers and field monitors (as well as the warehouse managers) must be trained in the following areas:

- Donor regulations (USAID and USDA)
- Principles of internal control
- Basic food inventory accounting (GACAP)
- How to do physical counts of inventory in stock, and proper warehouse and stacking/storage practices
- Monitoring dispatch/distribution systems, and reviewing beneficiary records
- How to detect the possibility of fraud and theft
- How and when to fill in basic food control forms
- Crowd control guidance
- Sampling of food packages to check quality of the commodities
- Observation of actual distribution of food, such as scooping procedures and measures
- How to conduct beneficiary interviews
- CRS partnership principles

- Assessing safety and security at distribution centers
- Any other component related to the specific program to be inspected or monitored.

Program managers must develop a monitoring checklist for each program not covered by this section. The most prominent of CRS' food assistance programs are the following:

SF (school feeding)	GR (general distribution)	FFW (food for work)
SFE (school for education)	IF (institutional feeding)	FFA (food for asset)
MCH (mother/child health)	CI (chronically ill)	CK (community kitchens)
Health (HIV programs, etc.)		

7. Preparing for End-Use Checking

Prior to making an end-use visit, the end-use checker will have:

- Gathered pertinent information from warehouses and CRS records
- Taken note of elements to verify/review, such as compliance with prior recommendations for improvement
- Verified whether reports are pending (e.g., financial or monthly reports)
- Verified whether the sub-recipient is expecting correspondence from CRS, funding sources, etc.

The more information brought to the sub-recipient during the visit, the more useful the visit will be. Where practicable, monitors should take previous monitoring reports with them when they visit sites.

8. Visit to Sub-Recipient Warehouses; Inventory Taking; Review of Center Records

During a monitoring visit, it is necessary to inspect commodities on hand, review inventory and distribution records, and discuss with staff how they record and prepare the monthly reports to CRS. This part of the visit is similar to the warehouse inspection, which occurs when physical inventories are performed. In centers that store commodities for more than a month, it is very important to ensure that commodities are not being damaged or misused.

In other words, the end-use checker will:

- Look at the conditions of the storage facilities
- Review the list of beneficiaries and verify that the names on the list represent actual persons
- Determine that enrolled beneficiaries meet the program's criteria
- Examine food stocks to reconcile physical inventory with book records
- Determine that established distribution procedures have been followed
- Verify proper management of food losses
- Verify approaching expiry date of commodities (**see BUBD Phase 11b**)
- Verify proper use of program income. Program income is defined as contributions by program beneficiaries toward functioning of the program. Contribution is voluntary and nominal. If empty containers and other packaging are sold, the proceeds are considered as program income. The end-use checker should verify that program income is used in accordance with *Reg. 11, 211.5(k)*.
- End-use checkers will leave written recommendations for improvement of internal control, warehouse management, and loss and claims procedures as necessary

9. Other Components to Review During End-Use Checking Visits

Country program management is responsible for establishing internal control systems which are conducive to efficient risk management (see **Internal Control/Risk Management p.12**). Risk management includes minimization of risks of fraud, misappropriations, and other irregularities. End-use checkers must, in turn, monitor and ensure compliance with these systems and procedures in their area of responsibility. As such, they must verify and reduce as much as possible, if not eliminate altogether, every opportunity for mismanagement of the commodity through thorough end-use checking. In particular, the end-use checker will be attentive to:

- Theft or diversion of commodities
- Unapproved changes, falsification, or adulteration of documentation including:
 - Agreements and contracts
 - Beneficiary lists: copies of all beneficiary lists must be maintained at the CRS main office
 - Distribution plans
 - Stack cards
 - Waybills
 - Loss reports, warehouse ledgers, and physical counts
 - Monitoring reports and other reports

End-use checkers also have an obligation to report any and all cases of fraud detected during their monitoring visits to ensure necessary follow-up by higher management.

10. Working with a Distribution Center to Solve Problems

Monitoring visits are a good opportunity to address problems a site may be having. The visiting staff should record recommendations and discuss them with the center staff. Monitoring staff should review past monitoring visits and determine if the recommendations resulting from those checks are being implemented and previous problems are being solved.

11. End-Use Checking at Distribution Sites

During monitoring visits to distribution sites, CRS staff can see firsthand how rations are distributed. The staff can check to see if the amount distributed (the actual weight of the ration) is as convened in the agreement between CRS and the site, and if the same procedures are followed for all recipients. Additional elements to check during monitoring visits include:

- Whether measuring devices used to distribute the ration are standardized
- Whether the sites properly record the distributions and the beneficiary information
- Whether the site is conducting other program activities in conjunction with the distribution as determined in the center agreement
- How beneficiaries identify themselves to the site (could be a health center or any other distribution site)

- How rations are distributed. Is the amount distributed the actual weight of the ration in the agreement between CRS and the center? Are the same procedures followed for all recipients?
- How does the center record the distributions and the beneficiary information? Beneficiary interviews: do beneficiaries know why they are selected, the source of food, the rations they expect, and how to use the food they have received? How long is the waiting time? How far do beneficiaries have to walk to get to the distribution center?
- Assess security of beneficiaries and food wherever possible. End-use checker should advise management on changes to be made to reduce security risks.



12. Distribution at Center Site and Beneficiary/Recipient Care

Distribution points can become the focus of disorder. CRS' partners and monitoring staffs will coordinate security at distribution sites with local authorities. Similarly, CRS and our partners are encouraged to involve local leaders and other community leaders to ensure that crowd control personnel are strategically positioned for orderly progression through the distribution process. **In the distribution process, it is imperative to anticipate possible hardships faced by beneficiaries, which at times may affect their dignity.** A few tips are below, but specific circumstances may call for additional measures:

- As much as possible, the food will be pre-positioned in safe locations near distribution sites in order to minimize waiting periods. In other words, the food should wait for the beneficiaries and not the other way around. In some instances, beneficiaries have waited a full day for the food to arrive while exposed to inclement weather.
- As such, distributions should be made in facilities (even if basic) with a roof or in the shade, as much as



Whether the distribution environment finds it natural that women carry heavy packages over their head or back, CRS' ethics and "do-no-harm" policy oblige its employees to find non-antagonistic ways to establish fairer practices to alleviate hardships otherwise endured by our beneficiaries in their everyday life.

possible.

- c. Supplies and distribution materials must be available and in sufficient quantities.
- d. There MUST be enough food for all beneficiaries. You should have a small percentage of contingency food on hand to replace possible damages. It is disrespectful for beneficiaries to return home without their expected rations because of calculation deficiencies.
- e. When communicating distribution day to beneficiaries, encourage them to seek help to carry their rations back home in manageable weight proportions.
- f. Use multiple distribution sites if necessary to reduce walking distances by beneficiaries
- g. See [attachment 22](#) p.125: Burundi model of documented measures to improve delivery to



Contributions Requested

It is difficult for the authors of this manual to anticipate all the arrangements that can be made for improvement of a distribution environment and an efficient distribution system. CRS therefore expects that partners and food program staff will report additional recommendations to MPI (Management, Policy, and Information) for punctual amendments to the list above.

beneficiaries.

13. Back to Office and Documenting and Reporting the Monitoring Visit

Supervision of a distribution site is vital to ensuring accurate reporting and program operation. Supervision activities include end-use checks as well as occasional monitoring visits to distributions. Regular site reports are the main source of information regarding total amount of food received and distributed to beneficiaries, inventories in storage sites, extent of losses, adequacy of food management systems, staff training needs, and the number of project beneficiaries. End-use checkers and monitors will document and report problems to their supervisors, the reasons why regulations are not followed, and their recommended solutions to sub-recipients. The program supervisor will, in turn, use these reports for necessary follow-up action (e.g., counter-inspection, mentoring, or training) depending on the case.

14. Post-Distribution Monitoring

A CRS country representative and other senior staff will also make periodic monitoring visits to reinforce prior end-use checking visits. In some instances, a donor may request post-distribution monitoring (PDM). This may be done by CRS staff or by a consultant or consulting firm. The PDM individual or team visits the area in which a distribution has taken place and randomly selects a statistically significant sample of households to be interviewed. The PDM asks questions already

asked by end-use checkers (a form of cross examination) to reconfirm that:

- Beneficiary selection was done in a fair manner (if a household selected was not a beneficiary, the monitor ascertain that the community understands the selection criteria and why they were not enrolled for the distribution)
- Beneficiaries are aware of who the donor is: *Reg.11 Section 211.5(h)* stipulates that “to the maximum extent possible and with the cooperation of the host government, adequate public recognition shall be given in the press, by radio, and other media that the commodities or assistance financed by monetized proceeds or program income have been provided through the friendship of the American people as food for peace. At distribution and feeding centers or other project sites the Cooperating Sponsor shall, to the extent feasible, display banners, posters or similar media which shall contain markings information Recipients’ individual identification cards shall, insofar as practicable, be imprinted to contain such information.”
- Beneficiaries are aware of the ration they should have received
- Beneficiaries received the correct rations
- The exercise also collects anecdotal evidence of the impact of the food distribution is having on the community
- The monitors check if there is evidence of post distribution sharing or selling of rations

Another important element of monitoring is the random visit by CRS staff to all warehouses in use in its programs regardless of the management of the warehouse; i.e., whether under CRS management or management by a sub-recipient organization. It is useful for a senior staff member to arrive at randomly selected warehouses shortly after receipt of commodities and confirm actual receipt and that proper record-keeping occurred.

15. Sub-Recipient Distribution Center Activities and Records

ACTION	DOCUMENTS	RECORDS	REPORTS
1. Receipt of commodities	a. Allocation List b. Delivery Order		a. Monthly Inventory report
2. Immediate Physical Inventory on arrival to assess:			
3. Storage i. If Lost, damaged during storage ii. Fumigation iii. Repackaging for Distribution		a. Warehouse ledger	
4. Beneficiary selection Assure Conformity with Eligibility Criteria Evaluation and Control of Beneficiaries	c. Program guidelines, handbook or instruction sheet on beneficiary selection and eligibility criteria; d. Notification of approved beneficiary and subsequent increase/decrease.	b. Ledger of approved beneficiary levels	b. Monthly reports
5. Distribution of Commodities	e. Clinic control cards for each participant/Inscription list of program beneficiaries; f. Individual/Participant ID cards	c. Recipient Ledger • daily or day of distribution recipient list; • Mark on cards	c. Monthly summary Beneficiary report d. Recipient Status Report (RSR)
6. End Use checks/Supervision of Distribution	g. End Use check form; h. Supervisory visit form	d. End Use check Form e. Notation in Clinic record of daily activities	e. Summary report of End Use check

Figure 18: Sub-Recipient Center Activities

SECTION C/Phase 11b: Other Elements of Monitoring

New Donor Requirements

Since food assistance programs are not static, it is logical that new systems accompany new program initiatives or that new systems are developed to improve existing programs. Food program monitors and end-use checkers together with other food managers must be aware of new program developments and regulations in order to comply with donor requirements. In the context of this manual, staff will pay particular attention when supervising, monitoring, and reporting, as for each of these functions there are new requirements that must be adhered to.



PHASE 11b: OTHER ELEMENTS OF MONITORING

1. Best-Used by Date (BUBD)

Increasingly, countries are demanding that imported food assistance commodities be marked with, at minimum, a Best Used By Date (BUBD). BUBD, followed by a date, is one way manufacturers suggest how likely the quality of food will remain acceptable for consumption. This is not meant to suggest that the food product is unsafe after the date. Rather, it refers specifically to quality under ideal and appropriate storage conditions. Most BUBDs dates are only appropriate as long as the food remains

unopened. Once the food is opened, it tends to have a much shorter shelf life and will deteriorate more quickly. Some countries do not allow food to enter or to leave their port without a BUBD printed on the bags/cartoons/tins, etc. Therefore, it is extremely important for country programs to include the country BUBD requirements per type of commodity when placing a sales order/CF.

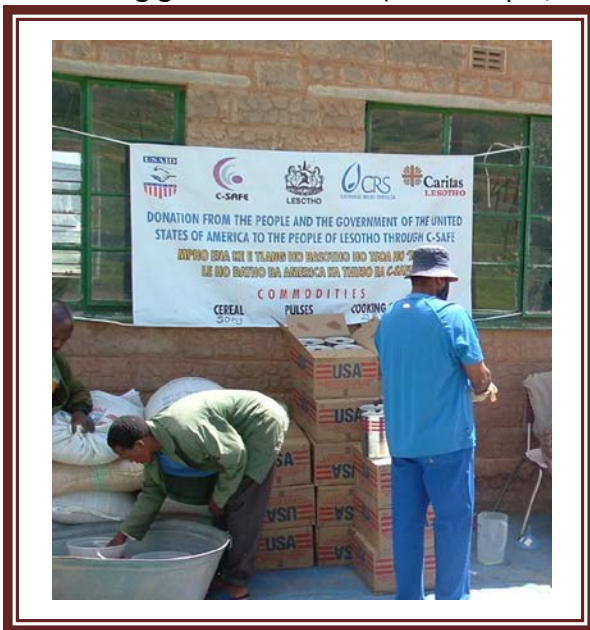
2. Branding and Marking

U.S. taxpayers fund foreign assistance programs worth billions of US dollars. To provide American taxpayers with due credit for their contributions and inform recipients that commodities and other benefits from project activities are from the American people, USAID has undertaken a branding campaign since 2005 “to ensure the American people are visibly recognized for the foreign assistance they finance.” Per USAID policy, it also applies to international and local NGOs; marking requirements “flow down” and therefore also apply to sub-recipients.

Donor agencies have very specific requirements regarding branding and marking of food aid commodities they donate. 22 CFR 211 provides regulations for branding and marking of activities sponsored and commodities donated by Food For Peace. In general, wherever possible, the packaging of all commodities donated by this agency must be clearly marked with the USAID logo and the message “Gift of the American People.” USAID requires the use of banners with their branding at food distribution sites as well. In cases where marking and branding on packaging is not possible (for example, LRP), this is a good way to observe this policy. The full USAID policy on branding and marking is available at: <http://www.usaid.gov/policy/ads/300/320.pdf>

Branding and marking, in addition to the donor logo, shall also have the CRS and sub-recipient logo, if called for. Rations should be posted on banners in local languages. It may also be helpful to display preparation information, especially when the commodity is not a community staple.

- a. **Branding:** “Branding” refers to how a program or project is named and positioned, or who it is from; it identifies the cooperating sponsor of the work. Branding goes on banners (for example, at feeding centers, during food distributions, or a food program-related event), posters, printed materials, and program beneficiary recipient identification cards, as applicable. Whenever possible, the press should give adequate **public recognition** that the commodities have been provided by the American people
- b. **Marking:** “Marking” refers to applying graphic identities or logos to program materials or project signs to visibly acknowledge contributors; it identifies organizations supporting the work. Markings go on containers (bags/sacks, cartons, tins, jerry cans, wrappers, etc.). Repackaged containers (excluding commodities for monetization) will follow the same requirement and to the extent possible, will be marked with the USAID emblem, Purchase Order contract number, and the following information:



- Name of the commodity
- Provided through the friendship of the American people as food for peace
- Not to be sold or exchanged

3. Follow-up and Monitor Compliance with Audit Findings and Recommendations

An audit is an evaluation of a person's or organization's work to establish an informed report and recommendations on systems used, processes, and pertinence/efficiency of internal controls. The term audit commonly refers to financial review/audit, but audits are also performed on project program and quality management.

- a. **Internal Audit (IA):** CRS prepares yearly schedules for the periodic review (internal audits) of its programs worldwide. These reviews cover a wide range of subjects, from finance, procurement, commodities, and personnel to partner relationships. Country programs to be audited each year are selected based on criteria such as:
- Vulnerability (risks)
 - Program value
 - Donor composition
 - Other parameters

A draft of the yearly schedule is prepared around mid-year (for the upcoming fiscal year), which is shared with CRS regional offices and the country programs tentatively selected for their comments and input (related specially to the dates selected for each audit). Once the schedule has been firmed up, Internal Audit/HQ sends out a letter to each selected country program a couple of months before commencement of the audit. This letter lays out the scope of the audit (SOW) and indicates the kinds of information it needs to receive before the auditors arrive in country.

An important element of the audit is the disclosure letter that the country program to be audited must submit to Internal Audit before the auditors arrive. In this letter, the country program must disclose the problems and weaknesses the country program has faced during the period of the audit. After arrival in country, the auditors will meet with program staff and review files, documentation, systems, and procedures. They will also visit CRS field offices (if any), warehouses, partners' offices and warehouses, and distribution sites, if applicable and possible. The purpose of these visits is to review and provide documented proof to management that the CP adheres to generally accepted accounting principles and to CRS' and donors' policies and requirements. If the country program being reviewed is implementing a Title II program, the auditors will pay particular attention to:

- i. Compliance with **Reg. 11** requirements for commodity management (loss/claims management, existence of sub-recipient agreements, warehousing, branding and marking, management and disposition of unfit food, adherence to approved food rations, etc.)
- ii. Control systems at each level of operation (CRS and partners' offices and warehouses, distribution centers, project sites): documentation (waybills, ledgers for fit and unfit

commodities); reporting (yearly reporting to donor, CSR/RSR/losses); proper use of resources (cash, commodities, vehicles and other assets), etc.

At the end of the review, the internal auditors present a draft report to the country program management for discussion and agreement before the report is formally issued by the director of Internal Audit/HQ. Implementing the audit recommendations is the responsibility of each relevant program area audited, and not just of the finance manager or the head of the CP's internal audit department. Depending on the organizational structure of each country program, responsibility for coordinating the CP's response to the Internal Audit/HQ until the audit report is fully closed would be given to the management quality coordinator (MQC), the director of internal audit, or the finance manager.

- b. **A 133 Audit:** *Obligations of Cooperating Sponsors, Reg. 11, Section 211.5(c) Audits*, requests "Cooperating Sponsors to arrange for periodic audits to be conducted in accordance with OMB Circular A-133". OMB Circular A-133 establishes audit requirements for organizations that receive resources from the US government. The A-133 audit focuses on the adequacy of control systems both in HQ and in the field, and this includes controls for reducing food losses, accountability controls from the port up to the beneficiaries, warehousing, end-use-checking, and reporting. Sub-recipient agencies that receive \$25,000.00 and above of donated commodities and/or monetized proceeds must be included in the CRS A-133 yearly audit.

As stated above, CRS/HQ-Internal Audit performs those "periodic audits" that eventually feed into the annual A-133 audit performed by an independent external audit firm. This external auditor issues its audit report, which is then submitted to the US Government. Once submitted to the US Government, these audit reports become public documents for anyone to access.

SECTION C/Phase 12: Reporting

Reporting

Donor organizations, such as the USAID Office of Food for Peace, have made advancements over the past decade to automate reporting systems (such as WBSCM and QWICR), and simplify the reporting process. Nonetheless, reporting remains a major element of implementing food assistance programs. Donor agency staffs depend on reporting to understand the programs they backstop, so the quality of reports helps determine how the program is perceived. High-quality reporting positively reflects the hard work that program staff undertakes and promotes the image of CRS as a partner of choice.



SECTION C/PHASE 12: REPORTING

Reports

To fully comply with GACAP (Generally Accepted Accounting Principles) as well as with CRS and donor policies and procedures, weekly, monthly, quarterly and annual reports on commodity receptions, dispatches, stock levels, losses, disposal and claims are required. The basis of all of these reports is the warehouse ledger, the Bills of Lading and Delivery Notice (DN).

Quarterly Web-Interfaced Commodity Reporting (QWICR)

The Quarterly Web-Interfaced Commodity Reporting system is a secure online commodity reporting system accessible to USAID and CSs. It allows CSs to electronically submit information required on program reports. It can be accessed at: <http://www.qwicr.com/qwicr/index.asp>. Food for Peace developed QWICR to facilitate completion and review of Regulation 11-mandated Commodity Reports. QWICR was developed and formal rollout started in 2011. The objectives of the system are to:

- Standardize reports

- Access reports
- Analyze and monitor trends
- Track claims
- Comply with Mission requirements

QWICR also allows for trend monitoring by country, region, CS, year, and commodity type. To access QWICR, users are required to obtain a password from system administrators. In most cases, users undertake training in the system offered on a regular basis by Food for Peace staff in Washington DC and at field locations around the world. The CRS country office should contact its Food for Peace field office to determine if QWICR is currently operational in their country, and to determine if training is available to designate users from the country program office. QWICR is not mandatory.

Each report is covered below and is submitted in some country programs through QWICR (quarterly web-based interface commodity reporting) which functions are explained below:

1. **CSR: Commodity Status Report:** the Commodity Status Report includes information from CRS as well as from sub-recipient warehouses and is reported by donor each quarter. The CSR is a critical management tool which reports information on the movements of commodities from receipts (including reimbursements for loans), dispatches (including loans to other agencies), losses, and physical inventories for the reporting period. Data on commodity status is prepared per warehouse and aggregated into the consolidated CSR report by award for the entire country office. It is important to remember that each agreement should have a separate and unique CSR (RSR and loss report as well). Quarterly CSRs must include information from all program warehouses, including those managed directly by CRS, as well as those managed by sub-recipient organizations. Commodities which already left sub-recipient warehouses for immediate distribution are not included in the CSR. This report is currently generated by FoodLog and will subsequently be replaced by the CRS Supply Chain Management software when the software is ready for roll out.
2. **RSR: Recipient Status Report:** Together with the Commodity Status Report (CSR), the Recipient Status Report (RSR) forms a regular pipeline analysis and report. The RSR summarizes monthly data from each Sub-Recipient site on commodity distributed and number of recipients that received commodities. This report is currently generated by FoodLog and will subsequently be replaced by the CRS Supply Chain Management software when the software is ready for roll out.
3. **LSR: Loss Status Report (or DMCR):** This report accounts for all documented food losses which occurred at all warehouses during the reporting period. This report is currently generated by FoodLog and will subsequently be replaced by the CRS Supply Chain Management software when the software is ready for roll out (**Ref: Section A/Supply Chain Management**).

Samples of CSR, RSR and LSR reports are contained in [attachment 24 p.125](#)

Some other documents such as procurement, shipping and freight forward transactions are submitted at the start of the project or annually. As for QWICR above, such documents are now submitted through WBSCM (Web-based supply chain management). As per

<http://www.apfo.usda.gov/Internet/FSA> “WBSCM provides an integrated commodity purchasing, tracking and ordering system for USDA and USAID as well as customers (PVOs), vendors, suppliers, and shipping companies. Country programs are only concerned with Call Forward, which in business language is translated as sales order. As such, the USG food program component known for decades as Call Forward has become Sales Order (**Ref: Section C/phase 2**)

Web-Based Supply Chain Management (WBSCM)

In 2009, the Web-Based Supply Chain Management (WBSCM) system replaced USDA’s Food Aid Request Entry System (FARES). It is implemented jointly by USDA, USAID and other agencies. WBSCM is a web-based chain management system providing an integrated commodity purchasing, tracking and ordering system for USDA and USAID, and their suppliers. It supports the domestic agricultural economy, nutrition assistance programs, food security programs and International food assistance programs of USDA and USAID. Agencies utilizing WBSCM designate specialized personnel that are trained and authorized to use the system. In the case of CRS, Shipping/HQ and our freight forwarding agency are the authorized personnel to use WBSCM.

Documents

The documents described below provide the data for annual food aid reporting. For P.L.480 Title II programs, this data is summarized in the Pipeline and Resource Estimate Proposal (PREP). The PREP provides a summary of closing year activities, commodities on hand, and a request for commodities for use during the upcoming year. As such, the PREP acts as the “accounting system” for P.L. 480 Title II programs.

The following three documents are submitted to USAID independently from the QWICR and WBSCM systems:

1. **Pipeline and Resource Estimate Proposal (PREP):** The Pipeline and Resource Estimate Proposal (PREP) summarize each CS’s activities from the previous closing year, and outlines resource needs for the coming year. Every CS is required to submit a separate PREP for each Multi-Year Assistance Programs (MYAPs) operating past the end of the current fiscal year, even in cases where additional resources are not requested. PREPs are not required for Non-Emergency Program/MYAPs initiating implementation in the current fiscal year, as this document is usually included in the project proposal. PREPs are also not required for food aid programs end in the current fiscal year. PREP for each Non-Emergency Programs/MYAP should be submitted between August and November of each year of implementation.¹⁸
2. **Proceeds from Sale of Commodities:** when food aid commodities are monetized, the monetizing agency is required to report on the proceeds from sales (Reg.11, 210.10). This report summaries the method of sale, and analyzes the price received to determine the level of cost recovery. In most cases, the monetization manager is responsible for this report. More specifically, Reg.11 section 211.5(l) requires that CRS “shall annually provide AID/W a report on the receipt and disbursement of all monetized proceeds and program income ... This report should include the source of the funds, by country and how the funds were used. This annual report should be

¹⁸ Detailed guidance on the preparation and submission of the annual PREP can be found on the USAID website at: http://www.usaid.gov/our_work/humanitarian_assistance/ffp/pipelineres.html

submitted to AID/W by December 31 of each calendar year for the fiscal year ending September 30 of that calendar year.”

3. **Return of Funds to the Donor Agency:** On some occasions, a USG CS is required to return funds to the donor. If so, the CS must submit a form entitled “Transfer of Funds from Public Law 480 Title II Awardees to the Commodity Credit Corporation (CCC) U.S. Department of Agriculture.” As described on the form, return of funds may be required under the following circumstances:
 - a. As profit from the sale of monetized commodities, which represents the amount received that exceeded Title II program budgets approved in the applicable awards.
 - b. Through the sale of unfit commodity overseas
 - c. As settlement of a third party claim for loss and damage of commodities
 - d. As a result of program closure, suspension, or administrative termination
 - e. Other

The form lists bank account details for the CCC as shown in [attachment 23](#) p.125.

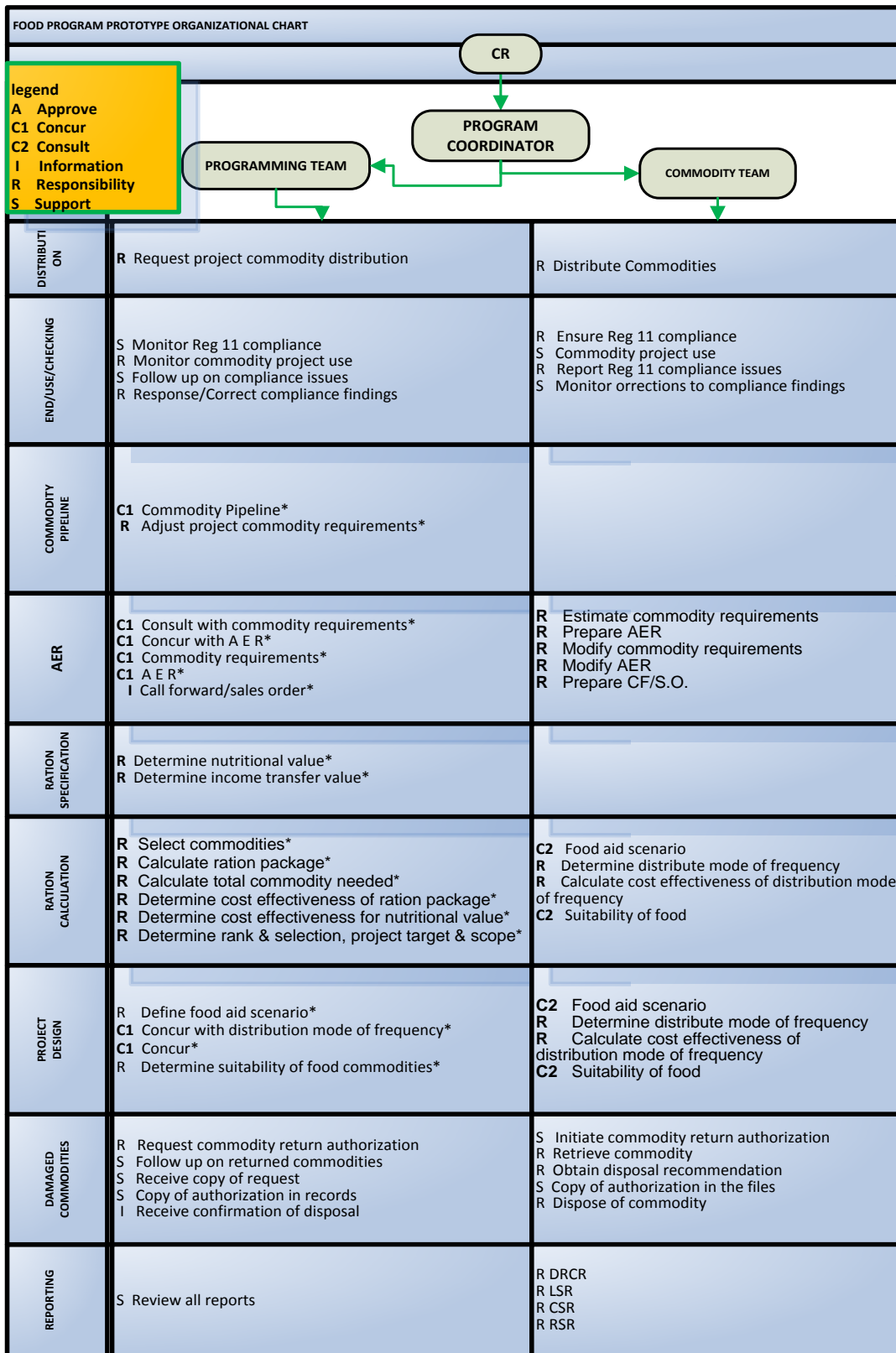


Figure 19 was adapted from a WARO CM chart developed by D.L.Edwards

FOOD ASSISTANCE COMMODITY MANAGEMENT MANUAL (FACMM) APPENDICES

SECTION D ADDITIONAL (HANDY) REG.11 REFERENCES

Sec. 211.5 Obligations of Cooperating Sponsor.

(a) **Operational Plan.** Within the limits of the total amount of commodities, monetized proceeds and program income approved by A.I.D. in the Operational Plan, the Cooperating Sponsor may increase or decrease by not to exceed 10 percent the amount of commodities, monetized proceeds or program income allocated to approved program categories or components of the Operational Plan.

(b) **Program supervision.** Cooperating Sponsors shall provide adequate supervisory personnel for the efficient operation of the program, including personnel to:

- (1) Plan, organize, implement, control, and evaluate programs involving distribution of commodities or use of monetized proceeds and program income,
- (2) Make warehouse inspections, physical inventories, and end-use checks of food or funds, and
- (3) Review of books and records maintained by recipient agencies that receive monetized proceeds and/or program income.

(k) **Eligibility.** In no case will recipients be excluded from receiving commodities because of inability to make a contribution to the Cooperating Sponsor for any purpose.

(g) **No discrimination.** Cooperating sponsors shall distribute commodities to and conduct operations (with food, monetized proceeds, or program income) only with eligible recipient agencies and eligible recipients without regard to political affiliation, geographic location, ethnic, tribal or religious identity or other factors extraneous to need and the eligibility criteria set forth in the approved Operational Plan or TA, and shall impose similar conditions upon recipient agencies.

(h) **Public recognition.** To the maximum extent practicable, and with the cooperation of the host government, adequate public recognition shall be given in the press, by radio, and other media that the commodities or assistance financed by monetized proceeds or program income have been provided through the friendship of the American people as food for peace. At distribution and feeding centers or other project sites the Cooperating Sponsor shall, to the extent feasible, display banners, posters, or similar media which shall contain information similar to that prescribed for containers in paragraph

(2) **Disposal of containers.** Cooperating sponsors may dispose of containers, other than containers provided by carriers, in which commodities are received in countries having approved title II programs, by sale or exchange, or may distribute the containers free of charge to eligible food or fiber recipients for their personal use. If the containers are to be used commercially, the cooperating sponsor must arrange for the removal, obliteration, or cross out of the U.S. Government markings from the containers prior to such use.

(n) **Commodities borrowed or exchanged for programs.** After the date of the program approval by AID/W, but before arrival at the distribution point of the commodities authorized, the Cooperating Sponsor may, with prior approval of USAID or the Diplomatic Post, borrow the same or similar commodities from available sources to meet program requirements provided that: **(See conditions 1, 2, 3 of 211.5(n)).**

(o) **Commodity transfer between programs.** After the date of program approval by USAID/W, but before distribution of the commodities, USAID or the diplomatic post (or the cooperating sponsor with prior approval of USAID or the diplomatic post) may transfer commodities between approved title II programs to meet emergency disaster requirements or to improve efficiency of operation, such as to meet temporary shortages due to delays in ocean transportation or provide for rapid distribution of stocks in danger of deterioration. Transfers also may be made to disaster organizations for use in meeting exceptional circumstances. Commodity transfers shall be made at no cost to the U.S. Government and with the concurrence of the cooperating sponsor and disaster relief organization concerned. A USAID or diplomatic post with funds available, however, may pay the costs of transfers to meet extraordinary relief requirements, and USAID/W shall be advised promptly of the details of the transfer. Commodities transferred between programs shall not be replaced by the U.S. Government unless USAID/W authorizes such replacement.

Sec. 211.7 Arrangements for entry and handling in foreign country

(4) **Costs at discharge ports.** Except as otherwise agreed upon by AID/W and provided in the applicable shipping contract or in paragraph (4) wharfage, taxes, dues, and port charges assessed and collected by local authorities from the consignee, and for lighterage.

(d) **Inland transportation in intermediate countries.** In the case of landlocked countries, transportation in the intermediate country to a designated inland point of entry in the recipient country shall be arranged by the Cooperating Sponsor unless otherwise provided in the PREP. Nongovernmental Cooperating Sponsors shall handle claims arising from loss or damage in the intermediate country, in accordance with Sec. 211.9.

Sec. 211.8 Disposition of commodities unfit for authorized use.

(b)(2)(iv). If the commodity is unfit for any use the commodity shall be destroyed in such manner as to prevent its use for any purpose.

Sec. 211.9 Liability for loss damage or improper distribution of commodities

The nongovernmental cooperating sponsors may also retain from claim recoveries remaining after allowable deductions for administrative expenses of collection, the amount of any special charges, such as handling, packing, and insurance costs, which the nongovernmental cooperating sponsor has incurred on the lost and/or damaged commodity and which are included in the claims and paid by the liable party.

(D) A nongovernmental cooperating sponsor may re-determine claims on the basis of additional documentation or information, not considered when the claims were originally filed when such

documentation or information clearly changes the ocean carrier's liability. Approval of such changes by CCC is not required regardless of amount. However, copies of re-determined claims and supporting documentation or information shall be furnished to CCC.

(iv)(2) The cooperating sponsor may elect not to file a claim if the loss is less than \$500 and such action is not detrimental to the program

(iv)(2) The cooperating sponsor may, with the written approval of USAID or the Diplomatic Post, retain either special costs such as reasonable legal fees that they have incurred in the collection of a claim, or pay such legal fees with monetized proceeds or program income.

Sec. 211.12 Waiver and amendment authority

The Assistant Administrator for Food and Humanitarian Assistance, A.I.D., may waive, withdraw, or amend, at any time, any or all of the provisions of this Regulation 11 if such provision is not statutory and it is determined to be in the best interest of the U.S. Government to do so. Any Cooperating Sponsor which has failed to comply with the provisions of this Regulation or any instructions or procedures issued in connection herewith, or any agreements entered into pursuant hereto may at the discretion of A.I.D. be suspended or disqualified from further participation in any distribution program. Reinstatement may be made at the option of A.I.D. Disqualification shall not prevent A.I.D. from taking other action through other available means when considered necessary.

The complete list of Reg.11 standard terms and conditions applicable to Title II program is available on USAID Website at:

http://www.usaid.gov/our_work/humanitarian_assistance/ffp/reg11p.htm#211.10

SECTION E INTERNET REFERENCES

1. http://www.usaid.gov/our_work/humanitarian_assistance/ffp/reg11p.htm#211.10
2. https://global.crs.org/communities/CommodityMangement/FACMM/FACMMIndia_presentation_on_USG_programs_and_regulations.ppt -
3. http://www.usaid.gov/our_work/humanitarian_assistance/ffp/pipelineres.html
4. http://www.usaid.gov/our_work/humanitarian_assistance/ffp/50th/history.html
5. <http://www.ers.usda.gov/FarmBill/2008>
6. <http://www.gpoaccess.gov/cfr/index.html>
7. <http://www.unhcr.org/pages/49c3646cec.html>
8. http://www.usaid.gov/our_humanitarian_assistance/ffp/reg11p.htm
9. <http://www.devex.com/en/projects/usaid-food-for-peace-local-and-regional-procurement>
10. http://www.usaid.gov/our_work/humanitarian_assistance/ffp/pipelineres.html
11. https://global.crs.org/communities/Commodity_Mangement/FACMM/Touch_a_Hungry_World.pdf
12. <http://www.usaid.gov/policy/ads/300/320.pdf>
13. https://global.crs.org/communities/Commodity_Mangement/FACMM/A_Cooperating_Sponsor's_Field_Guide_to_USAID_Environmental_Compliance_Procedures.pdf
14. https://global.crs.org/communities/Commodity_Mangement/FACMM/A_Cooperating_Sponsor's_Field_Guide_to_USAID_Environmental_Compliance_Procedures.pdf
15. https://global.crs.org/communities/Commodity_Management/FACMM/Finance_HQ_Internal_control_questionnaire_-_Inventories.xlsx
16. <http://www.qwicr.com/qwicr/index.asp>
17. <http://www.apfo.usda.gov/Internet/FSA>
18. https://global.crs.org/communities/CommodityMangement/FACMM/Checklist_for_Comm_Mgmt_final.docx
19. https://global.crs.org/communities/Commodity_Mangement/Commodity_Management_M/FAM_Generally_Accepted_Commodity_Accountability_Principles.doc
20. https://global.crs.org/communities/Commodity_Mangement/FACMM/How_to_Guide_on_Losses_and_Damaged_Commodities.docx
21. https://global.crs.org/communities/PurchasingAcquisition/Community_Documents/Purchasing_manual.docx
22. https://global.crs.org/communities/CommodityMangement/FACMM/Checklist_for_Comm_Mgmt_final.docx
23. https://global.crs.org/teams/USGCashManagementTraining/Functional_Documents/216FldGuide2000_MW10.pdf
24. https://global.crs.org/communities/ArchiveRecordManagement/Community_Documents/CRS_FIELD_OFFICE_MANUALRecords_Mgt_rev2005.pdf
25. https://global.crs.org/communities/Commodity_Management/FACMM/how_to_guide4_branding_marking_final.docx
26. https://global.crs.org/teams/VMS/Lists/Community_Announcements/Disp_Form.aspx
27. https://global.crs.org/communities/CommodityMangement/FACMM/Frank%20%20presentatio_n.ppt
28. <https://global.crs.org/communities/CommodityMangement/FACMM/Vehicle%20Management%20Booklet.doc>

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OTHER USEFUL ATTACHMENT EXAMPLES

[Truck Inspection Report](#)

[Verification of documentation checklist](#)

[Post-distribution monitoring tools \(SAVE form\)](#)
