United States Department of Agriculture

Food and Nutrition Service

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SUBJECT: CN Labels Copied with a Watermark Acceptable Documentation

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to clarify that a Child Nutrition (CN) Label copied with a marking referred to as a "watermark" is acceptable documentation for an Administrative Review (AR). A CN label with a watermark is used when the CN logo and contribution statement are used on product information other than the actual product carton and is presented as a separate document. Manufacturers may provide schools with a CN label with a watermark during the bidding process. (Original CN labels on product cartons will not have a watermark.)

Schools should be aware that product information on the CN label with a watermark can be changed. Therefore, schools are encouraged to verify that the CN label with a watermark came from a product that was purchased by the school and accurately reflects that product. This helps to maintain the integrity of the CN Labeling Program by ensuring that the CN Label came from the actual product that was purchased by the school. During an AR, program operators may document CN Labeled products as outlined below:

Documenting CN Labeled Product Requirements

The CN Label is the gold standard for verifying the crediting of menu items and provides a warranty against audit claims when the product is used according to the manufacturer's instructions. Acceptable and valid documentation for the CN Label includes:

1) the original CN Label from the product carton; or
2) a photocopy of the CN Label shown attached to the original product carton; or
3) a photograph of the CN Label shown attached to the original product carton. (CN Labels that are photocopied or photographed must be visible and legible.)

Documenting Watermarked CN Label Requirements

If the original CN Label from the product carton, or the valid photograph or photocopy of the original CN label **is not** available, program operators may provide the Bill of Lading (invoice) containing the product name **and**:

1) a hard copy of the CN Label copied with a watermark displaying the product name and CN number provided by the vendor; or
2) an electronic copy of the CN Label with a watermark displaying the product name and CN number provided by the vendor.

Product Formulation Statement

When a valid CN Label or watermarked CN Label with Bill of Lading is provided, State reviewers **must not** request additional crediting information such as a manufacturer's Product Formulation Statement (PFS). The PFS should only be requested when reviewing a processed product without a CN Label.

CN Label Verification System

FNS is currently working with the Agricultural Marketing Service to develop a CN Label verification system. This system will assist State reviewers during the AR, to verify the status of a CN Label as well as the crediting information. The expected completion date for this verification system is Fall 2015. Once the CN Label verification system is fully operational, State reviewers are encouraged to use this system to verify crediting information and the validity of the CN number on a watermarked CN Label.

Regional offices are asked to ensure State agencies are aware of the process for verifying acceptable documentation and proper procedures for handling products with a valid CN Label or watermarked CN label. State agencies should distribute this memorandum to program operators as soon as possible. State agencies may direct any questions concerning this memorandum to the appropriate FNS regional office. FNS regional offices may direct any questions to FNS Headquarters.

Cheryl Jackson Lewis
Director
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