

Components of a Procurement Plan

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Objectives

- Recap of last webinar and USDA procurement memo update.
- What is a Procurement Plan. Is a Foodservice Procurement Plan required.
- Introduction to the prototype Procurement Plan template.
- What are the components of a Procurement Plan.
- What is the Code of Conduct. Should it be included in the Procurement Plan.

Recap from Procurement – An Introduction

Build a Healthy Lunch



- Why is Procurement important
- The Principals of Good Procurement
- Procurement regulations – National School Lunch Program 7 CFR 210.21, School Breakfast Program 7 CFR 220.16, Special Milk Program 7 CFR 215.14a, Child and Adult Care Program 7 CFR 226, and Summer Food Service Program 7 CFR.17, USDA Foods 7 CFR 250. and OMB Super Circular 2 CFR.200-318-326.
- Federal, State, and Local purchase thresholds.

What is Procurement Plan

- A Procurement Plan is the School Food Authority's (SFA) or Local Educational Agency's (LEA) written policies and procedures that must be followed to procure goods and services.
- The Plan establishes the procurement procedures to be used based on the estimated value of each procurement event.



Written Procurement Plan

2 CFR 200.318(a),

- SFAs are required to have *written* procurement plan that complies with applicable federal laws contained in this section



Written Procurement Plan

Iowa Administrative Code 281.58.8 (283A)

- Written procurement procedures must also reflect applicable state and local laws and regulations



Procurement Event



- Each purchase for similar goods and services can be counted as a single procurement event provided the following conditions are met:
 - the price is reasonable
 - procurement results in a more economical purchase
 - the event is justifiable given factors such as storage space,
- The aggregate amount of the single procurement event determines the procurement method to be used.

Purchase Thresholds

Federal Small Purchase Threshold
< \$150,000.00

State of Iowa Purchase Threshold

Local Purchase Threshold – check
SFA/LEA board approved policy

Procurement Method Used

12	Procurement Method	Procurement Threshold	Current Asset	Duration/Procurement	Determination Method	Comments
13	Identify each planned procurement event	Identify method	Total for each event	Identify duration	Identify method	
14	Identify each planned procurement event	Identify method	Total for each event	Identify duration	Identify method	
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49	Identify each planned procurement event	Identify method	Total for each event	Identify duration	Identify method	
50	Identify each planned procurement event	Identify method	Total for each event	Identify duration	Identify method	

Procurement Methods

- Micro-purchases – **NEW**
- Currently the amount is set at \$3500 but subject to periodic adjustment

INFORMAL

- Small Purchase Procedures

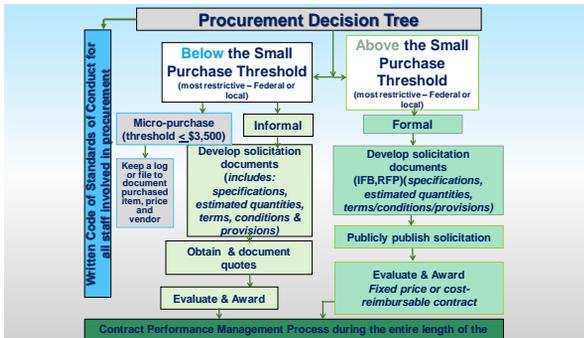
FORMAL

- Competitive Sealed Bids
- Competitive Proposals

SOLE SOURCE

- Noncompetitive Proposals





XYZ Community School District

- Public school district
- Eleven school buildings
- Total enrollment - 8000 students
- Annual food costs - \$1700,000
- Supplies costs for meal programs: \$140,000
- Equipment costs: \$190,000
- Service costs: \$100,000



XYZ Community School District



Local Procurement Policies

- Superintendent can authorize, with no prior approval from the school board, procurement of goods and services under \$25,000 without a competitive bid.
- Procurement of goods and services more than \$25,000 but below \$40,000, quotes will be obtained and board approval required.
- Competitive Sealed Bids are required for all procurement of goods and services above \$40,000



XYZ Community School District



Procurement Requirements

- \$3500 no competitive bids required
- \$3500 - \$150,000 – quotes will be obtained
- >\$150,000 – competitive bids required

SFA Policies

- \$25,000 no competitive bids
- >\$25,000 but <\$40,000 – quotes will be obtained
- >\$40,000 competitive bids are required.

Micro-Purchase Procedures

- Invoices with the date of purchase, itemized list or description of goods and services was purchased, the cost per unit, quantity of each purchased item, and total cost.
- Invoice should show price was reasonable.
- Invoices should demonstrate micro-purchases were distributed equitably among qualified vendors



Informal Procedures



Procurement procedures:

- > written informal solicitation document will be developed and provided to vendors
- > Price or rate quotations must be obtained from an adequate number of qualified vendors for the same specifications
 - ❖ Minimum two qualified vendors
 - ❖ Best practice – three qualified vendors
- > Obtain rate quotes in writing (template- 3 bids and a buy).

Informal Procedures



• Small Purchase Procedures

- > Federal requirements <\$150,000 informal or formal allowed
- > XYZ CSD current policy for procurement with estimated value >\$25,000 but <\$40,000 – obtain quotes

• School Foodservice Procurement Plan

- > procurement with estimated value <\$40,000

Options:

Micro-purchases for some events <\$3,500 and informal procedures <\$40,000 or
 Micro-purchases for some events <\$3,500 and formal procedures <\$40,000 or
 combination of informal and formal procedures.

Informal Procedures



- SFA official making the solicitation

- Date of solicitation

- Name of the company solicited and company individual responding

- Written quote from each responding vendor

Informal Procedures

- Date quote is obtained
- Quantity and frequency of delivery
- Duration of the price or rate quote
- Geographic preference is prohibited, except where federal statutes expressly mandate or encourage it.
- Contract awarded a set criteria.



Formal Procurement Procedures

- Invitation for Bid (IFB) or Sealed Bids
 - ❖ Incorporate a clear and accurate description of the product or service to be procured.
 - ❖ Written product description must not contain features which restrict competition.
 - ❖ Bids are publicly solicited
 - ❖ Responsive bid will be awarded on firm fixed price only.



Formal Procurement Procedures

Request for Proposal (RFP)

- Incorporate a clear and accurate specification of the product or service to be procured.
- Written product description must not contain features which restrict competition
- Identify all requirements which the processor/supplier must fulfill and all other factors to be used in evaluating the proposals.



Formal Procurement Procedures

Request for Proposal (RFP)



- Proposals must be publicized
- Proposals must be solicited from an adequate number of responsive vendors.
- Vendors billing costs will document unallowable costs
- Vendor must identify amount of each discount, rebate, and credit on invoices.

Buy American Provision

Buy American Provision will be included in solicitations for goods and services.



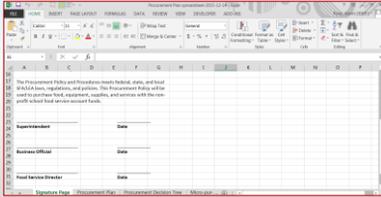
Procurement Plan- Personnel

Identify the individuals authorized as the SFA/LEA's purchasing agents and their procurement responsibilities.



- Superintendent/Principal, Business Manager, Food Service Director.

Procurement Prototype



Conflict of Interest

A conflict of interest is any action that allows a person to benefit at the expense of the public interest or the expense of their employer.

To avoid conflict of interest:

- The developer of written specifications for procurement of good and services will be prohibited from submitting bids or proposals for such goods or services.

Written Standards of Conduct



The written standards of code of conduct can be a stand-alone document or part of the Procurement Plan.

- Employees of the SFA will not participate in the selection, award, and administration of a contract if a conflict of interest, real or apparent exists
- SFA employees, officers or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value
- Provide for disciplinary actions in the event standards are violated.

Bid Protest Procedure

A procedure should be in place for any vendor who desires to protest the contract award.

Issues should be settled using sound business judgement.



Contract Management

SFAs are required to maintain *oversight* to ensure processors and suppliers perform according to the terms, conditions, and specifications of the contract and delivery orders.



Procurement Recordkeeping

• Record keeping

The SFA must maintain records sufficient to detail the significant history of procurement, including but not limited to:

- Rationale for the method of procurement
- Selection of contract type
- Processor/distributor selection or rejection, and
- The basis for the contract price
- Records must be retained for three year after final payment.

Procurement webpage

Iowa Department of Education website <https://educateiowa.gov>
➤ A – Z Index, select P, click on *Procurement in Child Nutrition Programs*
• School Nutrition



Procurement webpage

Iowa Department of Education website <https://educateiowa.gov>
➤ A – Z Index, select P, click on *Procurement in Child Nutrition Programs*
• Food Service Management Contract



Procurement Webinars

All upcoming webinars scheduled from 2:00 p.m. – 3:00 p.m.

February 25, 2016 – Specifics of the different procurement methods – formal and informal, and micro-purchasing.

April 21, 2016 – Contract Management and preview of the USDA Local Procurement Review tool.

Questions

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