

Procurement Questions and Answers

PROFESSIONAL STANDARDS

1. What is the Professional Standards code for this webinar?

The Professional Standards code for all the Bureau procurement webinar is Key Area 2000: Operation, Objective 2400: Purchasing/Procurement. Each webinar provides 1 hour continuing education units.

USDA FOODS—DIRECT DISTRIBUTION AND DIVERTED FOODS

1. So what is the difference if Keck procures their items or if your distributor procures and has their method documented.

Keck Inc. does not procure any food for the School Food Authorities (SFA). Keck Inc. is the warehousing and distributing agent awarded the state bid to store and transport direct distribution products received by the state agency from USDA to School Food Authorities (SFA).

A distributor is a commercial food company that purchases, receives, and stores commercial food products to fulfill orders and contracts. A prime vendor is a distributor from whom the SFA procures a bulk of the goods and services necessary for the operation of the school meal programs. The goods and services vary among distributors. It is the responsibility of the SFA to procure the services of a distributor or prime vendor. These services can be procured individually by the SFA using the appropriate method following the SFA's written procurement procedures. Prime vendors do not procure items for the SFA.

BUYING COOPERATIVES

1. If we use one vendor and they provide their procurement process as we are members of a coop—IAEP NW IA, does that cover us for upcoming audit?

A SFA can enter into an agreement to be a member of a Group Purchasing Organization (GPO). AEA Purchasing, formerly Iowa Educational Purchasing (IAEP) is a third party that serves as the umbrella organization to a group of SFAs. The GPO assumes the responsibility of submitting, managing, and negotiating bids for products desired by member SFAs. If a SFA enters into an agreement with a third party such as a GPO, they must still follow any applicable federal, state, and local procurement regulations. As a member of the GPO, the SFA must ensure the GPO is following applicable federal, state, and local procurement regulations in the competitive or formal bidding process. Refer to USDA memo SP 35-2102 *Procuring Services of Purchasing Cooperatives, Group Purchasing Organizations, Group Buying Organizations, etc.* issued on June 12, 2012. In addition, refer to the Group Purchasing Organizations checklist. This checklist will assist SFA who are considering joining a GPO or those who already participate monitor GPO activities.

2. How will IAEP play into the procurement regulations?
3. How does the IAEP figure into the procurement process?

4. How will the AEA Purchasing Coop apply to these procedures?
5. If we go through the IAEP and they do the bidding for us what more do we need to do?

AEA Purchasing, formerly the Iowa Educational Purchasing (IAEP) is a Group Purchasing Organization. AEA Purchasing is a third party entity that serves as the umbrella organization to a group of SFA. Even though AEA Purchasing is not a school, they are considered a governmental entity and may use a 28E agreement which does not require each SFA to compete procurement to join the group. Schools which group together for procurement may also use a 28E agreement between districts. These groups assume the responsibility of submitting, managing, and negotiating bids for desired products. As a member of the GPO, the SFA must ensure the GPO is following applicable federal, state, and local procurement regulations in the competitive or formal bidding process. Refer to the Group Purchasing Organizations checklist. This checklist will assist SFA who are considering joining a GPO or those who already participate monitor GPO activities.

6. The director of our coop has assured me that when they contract with our food and equipment vendors, this suffices and the schools do not need to do their own procurement. How do I get a clear answer on this?

When the SFA is a member of a Group Purchasing Organization (GPO). The GPO completes the development of solicitation documents, issuance of Invitation for Bids (IFB)/Request for Proposals (RFP), the evaluation and award of contracts, and the management of contracts. This means that SFA does not have to conduct the procurement of goods and services for Child Nutrition Programs. As a member of the GPO, the SFA must still ensure the GPO is following applicable federal, state, and local procurement regulations in the competitive or formal bidding process. Refer to USDA memo SP 35-2102 *Procuring Services of Purchasing Cooperatives, Group Purchasing Organizations, Group Buying Organizations, etc.* issued on June 12, 2012. In addition, refer to the Group Purchasing Organizations checklist. This checklist will assist SFA who are considering joining a GPO or those who already participate monitor GPO activities.

7. What about small schools that only have one contract and then use the local grocery stores?

When the SFA procures a majority of the goods and services for the Child Nutrition Programs (CNP) from one vendor also known as the prime vendor, the SFA has to ensure the correct procurement methods is used in procuring the services of a prime vendor. The SFA must have a written Procurement Plan identifying purchase thresholds and the procurement method and steps to follow depending on the estimated value of the procurement event.

When some goods and services are purchased from local grocery stores the SFA may use the micro-purchase method or the Informal Procurement method. The SFA's written Procurement Plan will outline the various procurement events and the method to use.

FOOD SERVICE MANAGEMENT CONTRACT (FSMC)

1. We have a Food Service Management Contract (FSMC). How will this work? Will we write the procurement plan together?

When a SFA contracts with the FSMC Company; the SFA is contracting services of a third party. These services must be procured competitively. Iowa has specific templates to be used. Contact Cheryl Benson at Cheryl.Benson@iowa.gov for more information. A FSMC Company should not have any part in developing the SFA written procurement-.documents.

PROCUREMENT METHODS

1. What is the definition of micro-purchase?

Micro-purchase is a procurement method approved in 2CFR 200.320(a). When the estimated value of a procurement event is less than \$3,500, this method of procurement may be used. The good and services may be from a single category or multiple categories. The goods and services can be procured without requiring competitive quotes BUT to level the playing field and “spread the wealth,” purchases must be made with different

2. Micro-purchases—\$3500 per event or per vendor annually?
3. I am confused as to what constitutes a procurement event in deciding if it is micro-purchase. Is my weekly grocery order an event in itself or is it the entire school year the items purchased from a single vendor?

The estimated value per procurement event must be less than \$3,500 to use the micro-purchase method. A procurement event can be a whole year such as services of a prime vendor, a month, quarterly, or weekly. This is determined on whether a price of procuring goods is reasonable if procured on a shorter time period such as weekly or monthly and also on factors such as storage space. The SFA must consider the price of the goods and services to be reasonable to justify using the micro-purchase method.

4. I am with an RCCI and am currently, due to storage space, getting shipments from two different suppliers, as well as a milk supplier and a bread supplier. Each purchase is less than \$3000. Am I correct in thinking this would be considered a micro-purchase?

If the value of the procurement event is less than \$3,500 and the price is reasonable, the SFA can procure goods and services using the micro-purchase method. Micro-purchase method allows goods and service not be competitively procured but to “level the playing field,” the RCCI must procure from different vendors, as long as the price is reasonable. This is to keep the procurement process fair and open. This can be a problem when the RCCI must meet federal nutrition standards in the operation of the Child Nutrition Programs (CNP). For example, the RCCI may not get whole grain-rich items from different vendors consistently. The RCCI has to decide what procurement method best meets the needs of your program and allows you to meet the federal nutrition standards. A better procurement method such as Small Purchase method –obtaining three quotes may serve your program better in terms of compliance with nutrition standards and economic efficiency.

5. I buy a lot of products through Sams’ Club. I get bids now but as long as they are reasonable do I need to get bids?

You wrote specifications for goods and obtained price quotes from three vendors, documented the price quotes and determined that Sams' Club would provide the same goods at the lowest price, then this is the Small Purchase method of procurement. Documentation of specifications and price quotes is important. If you do not have documentation and each procurement event is less than \$3,500, then your program will have to purchase goods and services from different vendors to meet the requirement of micro-purchase method.

6. When you are requesting price quotes from at least three vendors, do you still need to send the Code of Conduct and Conflict of Interest statements with request?

A written code of conduct is a code of ethics document for the SFA staff to maintain integrity in the procurement process. This document must be signed by all employees at the SFA who are involved in any part of the procurement process which includes writing the solicitation documents, evaluation of bid proposals, award of bids, and management of awarded contracts.

Code of conflict must be adhered to regardless of the procurement method used. A written code of conflict can be a stand-alone document or part of the SFA's written procurement plan.

The Certificate of Debarment is a document to be submitted by the responsive bidder. By submitting the Certificate of Debarment, the bidder is attesting that neither the business, its principals, employees or agent have been suspended, proposed to be ineligible, or are ineligible for doing business where Federal funds are involved.

The Certificate of Debarment is obtained from responsive bidders only if a formal procurement method is used.

WRITTEN PROCUREMENT PLAN

1. Are you going to show us a written procedure for procurement?

A prototype *Written Procurement Plan* template was introduced during Procurement webinar #2 and is posted on the Department of Education website on the Procurement – School Nutrition webpage in Templates/Prototypes/Forms section.

2. Can we make our own procurement plan or do we have to make one according to USDA plan?

The School Food Authority (SFA) can develop their own written procurement plan. The SFA written procurement plan must include all applicable federal regulations. School Food Authorities generally have board approved procurement policies. However, these policies will not address all the procurement requirements for the Child Nutrition Programs (CNP) which include the National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP), and the Summer Food Service Program (SFSP). A procurement plan template was introduced at the procurement webinar held on December 16th. The template is posted on the Department of Education website on the Procurement –

School Nutrition webpage in Templates/Prototypes/Form section. This template is not required. The SFA can develop their own written procurement plan. The written procurement plan should include:

- a. The federal purchase threshold, local purchase threshold, procurement methods – Informal methods which include micro-purchase and small purchase procedure, and formal procurement methods –which include Competitive Bidding (Invitation for Bids) and Competitive Negotiations (Request for Proposal), step-by-step procedure for each procurement method; written Code of Conduct for SFA employees responsible for the development of solicitation, evaluation of bid proposals, contract award, and management of the contract.
- b. Cost Reimbursable contracts and solicitation documents prepared to obtain offers of cost-reimbursable contracts, the following provisions must be included:
 - i. Allowable costs will be paid from the non-profit school food service account to the contractor net of all discounts, rebates, and other applicable credits;
 - ii. (A) The contractor must separately identify for each cost submitted for payment to the SFA the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account), or
(B) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;
 - iii. The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the SFA for payment. If approved by the State agency, the SFA may permit the contractor to report this information once annually;
 - iv. The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract;
 - v. The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the USDA.
- c. The SFA may apply a geographic preference in the procurement of locally grown or locally raised agricultural products. The SFA has the discretion of establishing the local area to which the geographic preference option will be applied.
- d. Adhere to procurement standards, as listed above, when procuring the services of Food Service Management Company.

SPECIFICATIONS

1. How do we educate ourselves to write specifications if the people you might ask the questions then become ineligible to participate in the bid process.

You can familiarize yourself with various specifications on-line to see what a specification contains. The specifications should answer a list of questions that describe the product the way you want it as much as possible. There will be a description of the product – is it breaded? Have a crust? Whole muscle (pricey) or chopped and formed ok? What components should one serving provide? Is the breading/flour whole grain rich? How large can the case be (40#?) or what is the usual pack (6 #10 cans?) Individually frozen? Individually wrapped or bulk? Etc. USDA resources are a good start to learn how to write specifications. Please refer to the following USDA resources: *Choice Plus: A Purchasing System Manual for School*

Foodservice, 2nd edition, Fruits and Vegetables Galore: Helping Kids Eat More, and United States Department of Agriculture Agricultural Marketing Service www.ams.usda.gov

COMPETITIVE BID PROTOTYPE

1. Will you provide an outline or direct us toward an existing outline for bid contract topics we need to include in our bid document?

These will be posted on the DE website on the Procurement –School Nutrition webpage under Templates/Prototypes/Forms section.