



Procurement 101: Requirements for School Nutrition Programs

Maine Department of Education
Child Nutrition Programs

What Is Procurement?

- Purchasing goods and services from a vendor.
 - Applies to all SFAs regardless of size, number of students, how much money is spent





What is Procurement?

- “Purchasing goods and services from a vendor.”
- Purchasing: Method type (Micro, small or formal purchasing)
- Goods and Services: Food, supplies, equipment
- Vendor:
 - Commercial distributors (Sysco, Dennis, PFG Northcenter)
 - Grocery Stores (Hannaford, Walmart)
 - Local farm



Why are there procurement regulations?

- To manage federal funds efficiently and economically
- To prevent fraud, waste and abuse of federal funds
- To maximize free and open competition



2. Federal Procurement Regulations

- 2 CFR 200: All programs receiving federal funds
- 7 CFR 210.21/ 7 CFR 220.16: NSLP/SBP
- 7 CFR 225.17: Summer Food Service Program
- 7 CFR 215.14: Special Milk Program

<https://www.ecfr.gov/>



4 Keys of Procurement

1

Buy
American
Provision

2

Regulations
(Federal,
State, &
Local)

3

Full and open
competition

4

Responsive
and
responsible
vendors



1. Buy American Provision

- Purchase to the maximum extent possible domestic commodity or product that is produced in the U.S. and a food product that is processed in the U.S. using substantial agricultural commodities that are produced in the U.S. 7CFR 210.21(d)
- Applies to food items (components)
- Include a “Buy American Clause” in procurement documents.



Buy American Provision - Exceptions

- Availability
 - Product is not produced or manufactured in the U.S. in sufficient quantities
ex. bananas
- Cost
 - Cost of the U.S. product is significantly higher than the non-domestic product.
 - Keep documentation



3. Full and Open Competition

- Vendors are on a level playing field
 - Equal opportunity to compete for your business
- Being overly restrictive in your request is not allowed
- Fairness and transparency throughout the procurement process is critical



4. Responsive and Responsible Vendors

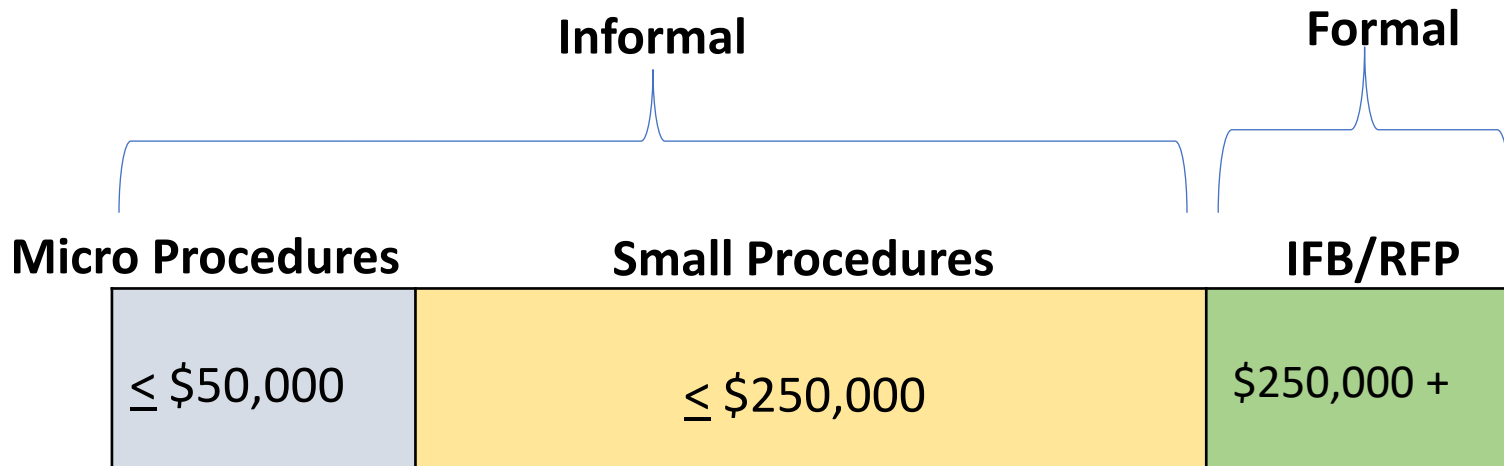
- Purchase must be made from a vendor who is both *responsive AND responsible*.
- **Responsive:** Vendor provided the information that was requested
- **Responsible:** Vendor is capable of performing successfully under the terms and conditions of the contract



Steps to Procurement

- Determine what you need
 - Be detailed and specific so you can compare “apples to apples”
- Estimate the purchase amount
 - Are you making a single purchase? Yearly purchases?
- Choose the procurement method (Micro, Small, Formal) based on your district’s threshold

Simplified Acquisition Thresholds*



*Local thresholds may be more restrictive. Check with your business office.



Procurement Methods

- **Informal**
 - Micro-purchase
 - Small Purchase/Request for Quote
- **Formal**
 - Invitation for Bid (IFB)
 - Request for Proposal (RFP)
 - Noncompetitive/ Sole Source

Method used depends on the dollar value of the purchase.



Informal Procurement: Micro-purchase

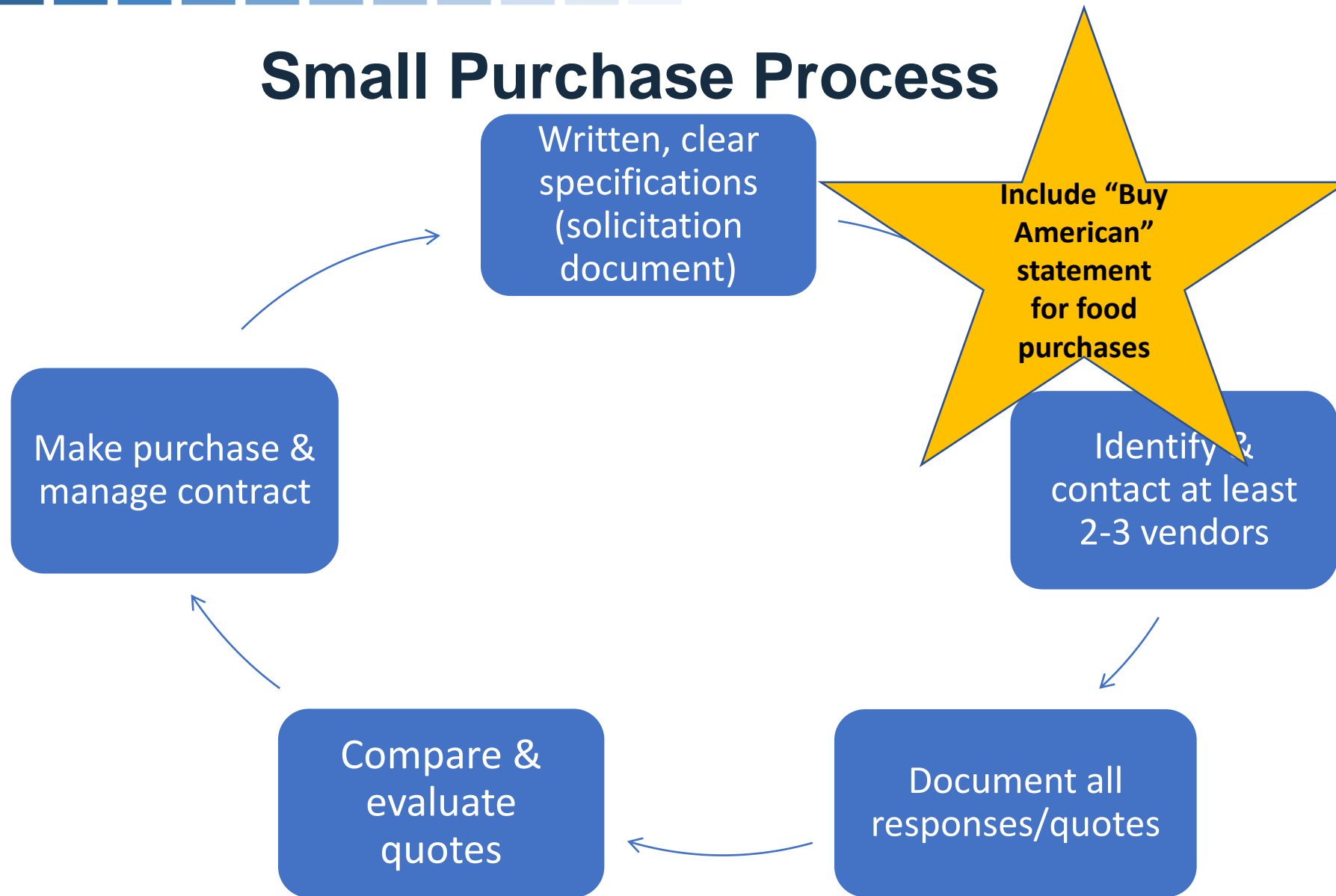
- **PROCESS:** one-time purchase OR “spread the wealth” of multiple purchases (same items from different vendors)
- **AMOUNT:** Up to \$50,000
 - Local threshold may be more restrictive
- Example: I buy the same items rotating between Sam’s Club, Walmart, and Hannaford.
- ✓ **Requirements:**
 - Transactions are below \$50,000
 - Prices must be reasonable
 - Documentation (receipts) must be maintained



Informal Procurement: Small Purchase

- **PROCESS:** Buying the same items repeatedly from only one vendor
- **AMOUNT:** Below the small purchase threshold (\$250,000 or most restrictive)
- Example: I buy the same items from PFG Northcenter every week
- ✓ **Requirements:**
 - Total of purchase is below \$250,000 (or local threshold)
 - Use when purchasing the same item(s) repeatedly from the same vendor
 - Must document the process

Small Purchase Process





Solicitation Document

- Put what you need in writing. Share the same specifications with each vendor
 - quantity, quality, and type of goods or services needed
 - Describe in detail:
 - 1% white milk and fat-free chocolate milk, in 8-ounce cartons, delivered weekly, to 4 schools
 - 100 fresh, Macintosh apples, 128-132 count, delivered weekly to 4 schools
 - Include Buy American requirement



Informal Procurement: Small Purchase

- Single Response to a Small Purchase
 - Remote location
 - Limited vendors available in the area
 - Limited vendors who deliver to the area
- Must still attempt to obtain price quotes
- Document the process used and explain the situation



Micro vs Small

- I am making a one-time purchase
 - Micro might be best
- I don't want to have to shop around.
 - Small might be best
- I want to buy repeatedly from the same vendor
 - Small procurement



Formal Procurement

- Value of purchase is >\$250,000
 - Local threshold may be more restrictive
- Types:
 1. Sealed Bids/Invitation for Bid (IFB)
 2. Competitive Proposals/Request for Proposal (RFP)
 3. Non-Competitive



Formal: IFB and RFP

Invitation for Bid (IFB)

- Primary consideration is price, no negotiations
- Awarded to lowest priced responsive & responsible bidder
- Results in a fixed-price contract
- Publicly advertised
- Publicly opened
- Clear specifications

Request for Proposals (RFP)

- Technical solicitation, vendor explains how they will meet the request
- Solicitation includes description of evaluation criteria (price is the primary factor)
- Results in a fixed price OR cost-reimbursable contract (cost plus fixed fee)
- *Cost plus percentage is not allowed!*
- Publicly advertised
- No public opening



Formal Procurement - Documentation

- Solicitation Document (original IFB/RFP)
- Responses: copies of bids/offers
- Evaluation documentation: scoring results
- Copy of the final contract
- Copy of public advertisement



Formal: Non-Competitive

- Used when competition is inadequate or impossible due to a public emergency
 - Item only available from a single source
 - Public emergency
 - Must obtain SA approval first
 - Example: Older piece of equipment and a part is only available from one source



Food Service Management Companies (FSMC)

- Commercial enterprise that an SFA contracts with to manage any aspect of the school foodservice program
- Always RFP procurement process
- Contract duration – one year with 4 renewals
- Specific requirements for FSMC Contracts and contract renewals
- Requires State Agency approval prior to soliciting quotes and each renewal year



Required Policies/Procedures

1. Written Code of Conduct
2. Procurement Procedures



Written Code of Conduct

1. Prohibit real, or apparent conflicts of interest for employees engaged in selection, award, and administration of contracts
2. Indicate that employees are prohibited from soliciting gifts/incentives
3. Include disciplinary actions for violations



Written Procurement Procedures

- Compliant with procurement regulations
- Include procurement methods to be used /dollar thresholds
- Reference Federal, State and local regulations
- Prohibits unnecessary or duplicative purchases
- Buy American Provision
- ...other items listed on the Procurement Procedures Handout

Procurement Procedures SAMPLE

www.maine.gov/doe/schools/nutrition/financial

Template for School Nutrition Programs Procurement Procedures and Code of Conduct

School Food Authorities (SFAs) may use this template to identify their procurement plan for USDA School Nutrition Programs. Each SFA is responsible for customizing these procedures and ensuring compliance with Federal, State, and Local procurement regulations. Federal purchase thresholds are used in this template: \$0-\$10,000 micro-purchase; \$10,001 - \$250,000 small purchase; and over \$250,000 formal procedures. However, if a District's purchase thresholds are more restrictive, the more restrictive thresholds must be followed and be reflected in this plan.

A. General Procurement

1. The **NAME** plan for procuring items for use in the School Nutrition Programs is as follows. The procurement procedures maximize full and open competition, transparency in transactions, comparability, and documentation of all procurement activities.
2. When purchasing an item or items with an aggregate total of \$10,000 or less [*insert local amount if more restrictive*], the **NAME** will follow micro-purchase procedures. To the extent practicable, the **NAME** will distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded if **NAME** considers the price to be reasonable as required by 2 CFR 200.67.
3. For purchases between \$10,00.01 and \$250,000 [*insert local amount if more restrictive*], **NAME** will conduct informal procurement at a minimum. The **NAME** will draft specifications



Procurement Reviews

- Same review cycle as Administrative Reviews
- Review:
 - procurement documentation from the prior school year (solicitation, invoices, contracts, invoices)
 - Procurement Procedures
 - Code of Conduct

Questions?

