

Procurement Basics

- All Schools must have procurement guidelines in writing, including:
 - Procurement Policy – a policy that your school adopts that explains how your school will obtain the most responsive goods, products, and/or services at the best possible price. A sample policy or template is available from NDDPI.
 - Standard of Conduct (2CFR 200.318). This can be part of the school’s procurement policy or a separate document. NDDPI can provide a sample.
 - Written procedures to handle and resolve any disputes relating to the school’s procurement process.
- Schools must follow the MOST restrictive state, local, or federal procurement standards. (For example, the state threshold for formal procedures is \$50,000, but your school district might be \$25,000. You must follow the \$25,000 for formal procurement)
- All purchases in School Nutrition Programs must be competitive, and, when made with non-profit school food service funds, must also meet all standards set forth in program regulations and applicable OMB Cost Circulars.

Procurement Step-By-Step

- **Identify food products and supplies and quantities you are currently using.**
 - Determine the food items you will be ordering on your annual USDA Foods Survey
 - Determine the food items you will be purchasing from local and non-local sources
 - Depending on the dollar amount, determine whether to use formal or informal procurement methods for the non-USDA Foods
- **Determine if you will use Formal or Informal bidding procedures**
 - **Formal Procurement (2CFR 200.320).** Purchases that exceed the small purchase threshold (\$50,000 in North Dakota, your school district may have a lower threshold), such as Food and Groceries.
 - *Two Formal Methods may be used:*
 1. **Competitive Sealed Bid/Invitation for Bid (IFB)** - Formal type of procurement where sealed bids are publicly advertised and result in a firm fixed-price contract. Price is the determining factor. Choose a vendor with the lowest price that meets specifications.
 - Used for food products that require detailed specifications- such as whole fresh apples detailing size, variety, quantities, delivery, and other conditions.
 - Determine if a vendor is responsive and responsible by whether or not they meet the requirements.
 - The following steps are typically involved in a formal procurement using an IFB:
 - ✓ Develop solicitation specifications.
 - ✓ Publicly announce/advertise the solicitation.
 - ✓ Open sealed bids at a pre-determined time, date, and location stated in the solicitation.
 - ✓ Determine the lowest bid from a responsive and responsible bidder and award the contract.

2. **Competitive Proposal/Request for Proposal (RFP)** - Price is a factor and can be negotiated. Price should be the primary factor (for example, not necessarily 51%, it just must be the greatest number of all factors so could be 25% if everything else listed in the scoring is lower).

- Allows for consideration of other factors than price. Other factors: technical expertise, past experience, and quality of proposed staffing. It is awarded to the vendor who can provide the best overall value. You can use Geographic Preference (by awarding additional points).
- RFP must be publicized and include specs and evaluation factors.
- The response to the proposal has two main elements - technical proposal and cost proposal.
- The following steps are typically involved in a formal procurement using an RFP:
 - ✓ Develop solicitation specifications. They should be detailed and allow for alternative brands or products. This should take the form of including “or equal” when identifying acceptable products
 - ✓ Vendors **cannot** assist in the bid process
 - ✓ Publicly announce/advertise the solicitation.
 - ✓ Evaluate proposals using established scoring criteria included in the solicitation.
 - ✓ Enter negotiations with responders who meet or exceed the cut-off score; and
 - ✓ Award the contract to the most responsive and responsible vendor whose proposal is most advantageous to the program, with price and other factors considered.

- **Informal Procurement (2CFR200.320(b)) and (2CFR 200.88)**

- Informal procurement will be goods and services between \$10,000 and \$50,000, such as bread, milk, paper, and chemicals.
- Simple steps for informal procurement
 - Develop specifications in writing
 - Determine due dates or other requirements
 - Contact an adequate number of sources to achieve competition. Try to contact at least two vendors
 - Receive and evaluate price quotes. Determine the most responsive and responsible bidder
 - Purchase products
 - Keep good documentation

- **Micro-Purchase (2 CFR 200.320(a))**

- A micro-purchase is a purchase of products or services less than \$10,000
- To the extent practicable, purchases must be distributed equitably among qualified suppliers with reasonable prices. Compare prices from previous purchases or various vendors.
- Other reminders for micro-purchases
 - Document with receipts
 - Document how purchases are being distributed
 - Document if there is only one qualified supplier, such as labor and mileage cost
 - Develop product specifications

Other Important Procurement Information

- **Buy American**

- Schools must purchase, to the maximum extent possible, domestic products for use in meals served in its National School Lunch and School Breakfast Programs. The “Buy American” requirement (7 CFR Part 210.21(d)) specifies that schools should purchase domestically produced food and food products. The purpose of this requirement is to ensure that the highest quality foods are available and to support American agriculture. Exceptions are allowed when food preferences can only be met with foreign goods, if sufficient quantities and/or quality are available in the USA, or if domestic costs are significantly higher.
- Schools should include a “Buy American” clause in all product specifications, bid solicitations, requests for proposals, purchase orders, and other procurement documents.

- **Cooperatives (Co-ops) and Group Purchasing Organizations (GPO)**

Every School is responsible for its own procurement regardless of whether they issue solicitations independently, participates in a Co-op, hires a purchasing agent to assist with the process, or joins a GPO.

- A Co-op is an association of schools that voluntarily cooperate in purchasing practices and share resources. Here are some reminders when joining a Co-op:
 - All members must be involved in the bid and the contract process
 - All members need to understand and decide on all fee structures
 - Each school is responsible for verifying that the Co-op is meeting all of the USDA, State, and school procurement and contract rules
 - Each school must have a copy of the bid, the response, the contract, and the Co-op intergovernmental agreement
 - It is recommended that each school have its legal counsel review the Co-Op Agreement to ensure it is safeguarding the school.
 - Co-ops may be funded by administrative fees paid directly to the Co-op by the school, the vendors, or a combination.

- **Gratuities, Favors, and Gifts**

Employees should not solicit nor accept gratuities, favors, or any item with monetary value from vendors or potential vendors. This includes but is not limited to entertainment, lodging, transportation, gifts, and meals. The school may set minimum acceptance rules as part of its adopted code of conduct procedure. The school staff in charge of procurement should be committed to integrity, be fair in all aspects of the procurement process, be alert to conflicts of interest, and avoid all compromising situations.

- **Personal Purchases**

Schools are discouraged from allowing employees to purchase food or supplies for personal use.

- **Farm to School Initiative**

- A Farm to School initiative was developed to encourage schools to purchase locally grown or locally raised agricultural products.
- Schools must still follow federal procurement regulations and state and local laws.
- Many farm to school purchases are often less than the small purchase threshold (\$10,000 for ND), and the school may be able to use the micro-purchase option.
- Products that may meet this category are Fruits, Vegetables, Beef, and Eggs.
- Meat and Eggs must meet Federal or State inspection requirements.
- Schools may apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products. This can only be a preference and not a bid specification.
- **Final Reminders**
 - Schools should aim to consistently follow procurement practices with integrity and uniformity so that the goods and services meet the needs and quality standards at the best possible price
 - Sole source procurement is **very rare**, and there must be clear and compelling reasons for engaging in this type of procurement
 - Retain all required records for at least three years.
 - You may be required to submit these types of documents to the State Agency
 - Solicitation documents
 - Specifications
 - Procurement Procedures
 - Contracts
 - Schools should weigh all costs and make decisions in the school's best interest.
 - Please call the Child Nutrition staff at NDDPI with questions! dpicnfd@nd.gov or call (888) 338-3663