

What's New in School Nutrition – October 24, 2016

Step by Step Written Procurement Plan

Q. During the last webinars when the procurement plan was being introduced - it was mentioned that there might be sample plans made to be able to give us a start - especially when you use a buying group for your purchasing.

Q. We use AEA Purchasing, so do I need to fill out a procurement plan? I feel so lost.

A. A sample procurement plan is attached to this Q & A. The sample shows what a completed procurement plan should look like. A plan is unique to each School Food Authority (SFA). Whether your SFA purchases independently or as a member of a Group Purchasing Organization (GPO), a food service procurement plan must be completed. The advantage of a membership in the GPO is to increase the buying power and get better pricing. In addition, the GPO acts as the purchasing agent for SFAs. Membership in the GPO does not change how a procurement must be conducted. A checklist to assist SFAs who are members of a GPO in gathering procurement information from the GPO is posted on the School Nutrition Procurement webpage.

Q. Where do you find the Procurement Plan template?

A. The Procurement Plan template is posted on the Iowa Department of Education website on the School Nutrition Procurement webpage. To link to the template, go to the Iowa Department of Education website [educateiowa link](#). Click on A – Z Index, click on *P*, scroll and select *Procurement*, then select *School Nutrition*, scroll down the page to *Templates/Prototypes/Forms*. The *Written Procurement Plan and the Code of Conduct* handout posted under this section provides step-by-step instructions on completing the prototype procurement plan.

Q. Plan has to be in place by when?

A. The written Food Service Procurement Plan and a Code of Conduct must be completed for SY2016-2017 and must be reviewed annually.

Q. Could I use the same template that you have shown on the webinar and place the name of our school district?

A. The prototype procurement plan template shown during the *What's New in School Nutrition* webinar was developed for SFA use. SFAs are not required but encouraged to use the template provided. Simply placing the SFA name on the template does not complete the SFA's procurement plan. The SFA will be responsible for identifying the correct purchase threshold, the procurement events, and the value of each procurement event, method of procurement for each procurement event, and identify who at the SFA will manage the contract for each procurement event.

Q. This is all very confusing to me. Our school is a very small Catholic school that has less than 350 students in Pre-K through 8. We do not have the financial ability to get all of this information and the time it takes to do all the bidding.

A. We empathize with SFAs with small student enrollment where one or two school food service staff have to bear the responsibility of ensuring all school meal program requirements are met. Any SFA, regardless of size receiving federal reimbursement are required to follow both program-specific and federal procurement requirements. Program-specific requirements refer to the specific federal meal programs operated by SFAs such as the National School Lunch Program (NSLP), School Breakfast Program (SBP), or other federal meal programs. Government-wide federal procurement requirements can be found at 2 CFR 200 Parts 318-326.

We will continue to develop and share resources that will make meeting procurement requirements less burdensome for SFAs with limited school food service staff.

In addition, non-public schools and RCCIs school food service staff are encouraged to work with the school principal, school business official or other positions in their organization with procurement responsibilities. The procurement requirements may be beyond the scope of expertise for many school food service staff. It is therefore, necessary that school food service and the business office collaborate in developing the school food service procurement plan and conducting procurement activities to meet requirements.

Q. Do each of the head cooks who check in the food and supplies each week need to sign the procurement plan?

A. No, the procurement plan must be written for the school district and not individual schools in the school district. If there are three head cooks, one for each of the schools in the district, then designate one person who will keep a "contract monitoring" log for all schools and communicate with the vendor. The "contract monitoring" log can be shared with the SFA business official and other school officials responsible for overall management of vendor contracts.

Q. Is the "value of the procurement event" per purchase or what is spent for the entire year? We get bread delivered every week at about \$178.00 a delivery -- would the 178.00 be my procurement amount?

A. The *value of the procurement event* depends on the procurement practice used by the SFA for a particular procurement event. Per USDA guidance at a recent webinar, they stated that the total amount spent for group of item(s) for the entire SY determines the value of the procurement event and the method of procurement.

If you purchase bread from the same vendor every week for the entire year, then the procurement event value is the amount for the entire year.

Q. We order every two weeks, so fresh fruit and veggies are not going to always last two weeks, is it okay to go to Fareway to get fruits and veggies?

A. If Fareway is the only vendor the SFA will use to purchase fruits and vegetables then one of the following methods should be used to procure the fruits and vegetables: small purchase method (also known as the 3 Bids and a Buy), Request for Proposal (RFP) or the Invitation for Bid (IFB). If the SFA decides to use the micro-purchase method, then fruits and vegetables must be purchased from multiple vendors and the purchases divided equitably.

Q. Is the purchase of commodities from the government a procurement event?

A. Technically yes. Keck delivery services are procured by the state agency on behalf of the SFAs. The Keck fee for storage and delivery distribution is an allowable cost from the school food service account but does not need to be added to your procurement plan. Distribution and delivery of Diverted Foods must be procured competitively by the SFA and may be part of SFAs Prime Vendor procurement and would be a procurement event.

Q. Is the State considered a GPO for the diverted dollars products? Do we need to enter them in this tool? Will we get a GPO statement that we must have if we are in another group purchasing organization?

A. No, the SFA does not have to enter into a GPO agreement with the Bureau of Nutrition and Health Services (BNHS) for the USDA Foods – Diverted Foods program. We are the agency in Iowa administering USDA Child Nutrition Programs (CNPs). Any competitive procurement conducted by the BNHS on behalf of SFAs will follow both government-wide procurement regulations at 2 CFR 200.318-326 and program-specific procurement regulations.

Q. Please at some point address how you go about procuring the distribution process?

A. For SY 2016-2017, the Bureau of Nutrition and Health Services (BNHS) procured the processing services to convert raw material (chicken legs, mozzarella cheese, etc.) into end products (Teriyaki chicken, cheese pizza, etc.) for the USDA Foods - Diverted Foods Program.

Distribution must be competitively procured. When a SFA procures Prime Vendor services they are procuring the storage, handling, and delivery of a majority of the SFA's food and supplies to the SFA location(s). Usually, the distribution (delivery) of USDA Foods – Diverted Food items are procured by the SFAs through procuring Prime Vendor services. The distribution of these processed end products is not procured by the BNHS. This is the responsibility of each individual SFA participating in the USDA Foods - Diverted Foods program.

Q. Some of the items that the state procured have a large discrepancy in pricing between vendors, why would this be? Isn't this why the state procured these items, so that we won't have this happening?

A. The price per case of the state procured items should be the same across all vendors. It has come to our attention that many of the SFAs who did not go out for Prime Vendor bids for SY2016-2017 and are receiving state processed items through the Prime Vendor are being charged large handling fees for the state procured items. SFAs that tried to procure distribution services for the state processed items separate from Prime Vendor procured in prior year did not get responses. Therefore, it is best practice, that the SFAs participating in USDA Foods - Diverted Food Program bid Prime Vendor services each SY.

Q. How do you know what the local policy is? Since we are a private school, which policy do we follow? I'm just not sure if there is one or not.....where do I find this out?

A. Please check with your business office or Diocese if they have a purchasing policy. If not, then your school will follow the federal threshold for school food services purchases.

Q. When do we use the Federal Threshold?

Q. When do we use the Federal Threshold vs. Local Purchase Threshold?

A. You use the most restrictive or lower purchase threshold. This could be the local or federal amount. We covered how to determine which purchase threshold to use in the first few minutes of the webinar. You may request a copy of the webinar recording if you have not yet received the link. The "instructions" tab of the prototype procurement plan also provides steps in determining the most restrictive threshold as does the *Written Procurement Plan and Code of Conduct* handout.

Q. We cannot use the drop downs in the Excel procurement plan. Is there a cloud-based version (like Google sheets?) so we can access and use the procurement plan.

A. The prototype procurement plan template was developed using Excel 2013. If your SFA uses an older version of Excel, you will not be able to enter data in Tab 2: Procurement Plan Table or access the drop-down boxes in this table. In this case, print the plan and complete it. A word version of the plan is in development and will be posted on the School Nutrition Procurement webpage on the Iowa Department of Education webpage.

Q. I sell lunches to a day care daily for the school year. Is that a procurement event that need to be in the plan?

A. Selling lunches to a daycare daily is a procurement event for the daycare and not for the SFA. The sale of lunches to daycare is a source of non-program food revenue for the SFA. Therefore it will not be entered in the SFA procurement plan.

Q. If we have multiple buildings (schools) will the procurement be listed for each school or by the district?

A. The procurement plan must be written for the school district. Individual school buildings should not be making procurement decisions, but may place orders using the procedure designated in the district procurement plan.

Q. If you did things informally before can you continue to do that? Do you have to use the micro-purchasing option?

A. We are assuming by your statement that foods and supplies for school food service were procured informally meaning your SFA used the small purchase method or what is commonly known as 3 Bids and a Buy. The SFA can chose to use either the small purchase method or either of the formal methods - Request for Proposal (RFP) or the Invitation for Bid (IFB) even when the aggregate (total) amount of purchase is below the micro-purchase threshold, which is \$3,500 or the local micro-purchase threshold.

Micro-purchase is just another option for purchases under \$3,500 or the local micro-purchase threshold, whichever is lower.

Q. Would the food bank be considered a procurement event? We don't use the food bank food for school lunches - this is for the RCCI residents for their supper meals/night time snacks.

A. Foods purchased from the Food Bank for Residential Child Care Institutions (RCCI) but not used for Child Nutrition Programs (CNP), that is, the National School Lunch Program (NSLP), School Breakfast Program (SBP), or the Afterschool Snack Program (ASN) is not a procurement event. RCCIs sometimes claim night-time snacks under the Afterschool Snack Program. Purchase of foods for snacks from the Food Bank is then considered a procurement event and the purchase must be entered in the procurement plan.

Q. We are getting an Administrative Review. One of the procurement question is... Does the plan include language describing oversight to ensure that contractors perform in accordance with terms, conditions, and specifications of their contracts or purchases? Isn't this a function of the contract, not a function of the procurement plan? If it needs to be in the plan, where would it be included?

A. We understand that the Administrative Review question is a little confusing so it has been re-worded to read, "How does the SFA monitor contract(s) performance?" The Procurement Plan Template does include a place for the names of the individuals responsible for Contract Monitoring. When specifications, terms, and conditions are provided in a quote, bid or proposal, there needs to be a plan for monitoring these terms and conditions are met by the vendor(s); that is the vendor(s) is responsible. Contract monitoring activities include:

- Checking at the time of delivery that the foods and supplies received meet the specifications as written in the bid or proposal (Buy American provision, the correct size, quantity, and quality standards; acceptable substitutions, if applicable; delivery time)
- Making sure that the invoices reflect the price agreed upon in the contract and that applicable credits, discounts, and rebates have been received by the SFA prior to payment of invoices.

Q. Do the Group Purchasing Organization (GPO) statements have to be in your plan or can you reference them at an electronic address?

A. The agreement between the GPO and the SFA should be retained with the other procurement documents. SFAs will be notified which documents we need during the procurement reviews which will include the agreement between the GPO and the SFA.

Q. I am a small school and due to not spending very much I am limited as to where and who will deliver.

A. Every SFA's procurement plan must reflect the practices that are in their best interest. This means that if you are a small school and the volume you purchase is not large and no large broad line distributor will deliver at your school, then you will have to purchase from local stores use either the small purchase or micro-purchase method.