PROCUREMENT PLAN
WHAT’S IN YOURS?

Geriann Headrick, Program Specialist
December 2018
TERMS

- Local Agency or School – That’s you!
- Small Purchase – Informal Procurement or Quotes
- Formal Purchase – Formal Procurement
- IFB – Invitation for Bid (part of Formal Procurement)
- RFP – Request for Proposal (part of Formal Procurement)
**TERMS**

- **Sole Source** – Item only available from one vendor
- **CACFP** – Child and Adult Care Food Program
- **SFSP** – Summer Food Service Program
- **Piggybacking** – Using another agencies bid to make your own purchases
- **CANS** – Child and Adult Nutrition Services or the State Agency
HOW TO BEGIN

- Procurement Plan Example – found at https://doe.sd.gov/cans/ under Procurement
  - Labeled as Procurement Plan Example
THRESHOLDS

- Local – Does your Local Agency or School have one?
- State – Supplies and Services
  - $25,000 or less
- Federal – Perishable Food
  - Micro-purchasing - $10,000 or less
  - Informal - $250,000 or less
  - Formal - $250,000 or more
All purchases made using federal funds must be

- Fair
- Open
- To promote competition
- Transparent
Avoid unfair practices like:

- During purchase process or finding a vendor, it is not ethical to discuss the competition with potential vendors
- Vendors/distributors cannot write specification or any part of the solicitation documents
- Be sure to follow your school's code of conduct/ethics
BUY AMERICAN

- Schools and agencies are required to purchase domestic, to the maximum extent possible
  - This is not required of CACFP or SFSP
- Grown in the United States
  Or
- Processed in the United States
  - over 51% of the final processed product (by weight or volume) must be made up of U.S. grown foods
BUY AMERICAN

- Two Exceptions
  - Not enough of this food is produced or manufactured in the US
  - Cost is significantly higher for American products

- If using an exception, your local agency must keep documentation to support that exception
  - For some items, like bananas, that are not grown domestically – a year long exception documentation may be appropriate
  - For most other items, a year long exception is not appropriate.
Examples of significantly higher cost:

**School A:** Needs to purchase 1,000 – 25# cases of tomatoes every week

- Domestic price: $35.00/case = $35,000
- Foreign price: $33.00/case = $33,000
- Difference of $2,000 each week and $72,000 over the school year

**School B:** Needs to purchase 1,000 – 25# cases of tomatoes for the entire school year

- Domestic price: $35.00/case = $35,000
- Foreign price: $33.00/case = $33,000
- Difference of $2,000 for the entire school year
BUY AMERICAN

- All non-domestic must identify a country of origin

- How will your distributor notify you?
BUYING LOCAL: USING GEOGRAPHIC PREFERENCE

- Farm to School

- For locally grown or raised unprocessed agricultural products.

- Local Agency or School defines geographic area.

- Retains inherent character.
MICRO-PURCHASES

- Conditions
  - One total purchase does not exceed $10,000
  - Purchases are distributed evenly among qualified distributors - “share the wealth”
  - Price is reasonable

- Cannot be used avoid properly procuring
MICRO-PURCHASING

- How will your Agency use micro-purchasing?
  - Spend equal amounts at qualified vendors
  - Rotate vendors by each purchase

- What if’s
  - Only one store nearby
  - Your agency doesn’t purchase large quantities
    - Too small amounts for your distributor to deliver every week
    - Short food shelf life, when food spoils fast
Procurement Plan Example

- List what vendors are available in your area.
- Look at past years purchases.
- What will you potentially purchase from them?
- Will you use them or not?
- Why will you or why won’t you use them?
SMALL PURCHASE (QUOTES OR INFORMAL)

- Know your district or local thresholds.
  - Some boards set a lower purchase dollar amount.
  - You must follow the most restrictive/lower threshold
- Adequate number of suppliers
- Specification
- Contact vendors (email, fax, phone)
  - Who is responsible
- Are there acceptable alternatives?
SMALL PURCHASES (INFORMAL OR QUOTES)

- How will business be awarded?
  - Price is the only factor
- Audit requirements
  - Price accuracy
  - Meets specifications
  - Buy American
- Credits or refunds are returned to food service account
- Termination for cause
What procedures will be followed in this process?

Public notice – where?
- What is included in the public notice?
- Other methods of notification to potential vendors
- Public opening

Equal opportunity to respond

Vendors who help write a solicitation cannot respond
FORMAL PROCUREMENT
INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP)

- Purchase conditions
  - Contract period
  - Statement of responsibility
  - Date, time, location of bid opening
  - How will vendor be informed of award or non-award
FORMAL PROCUREMENT
INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP)

- Delivery schedule
- Terms and conditions
- Non-performance
- Termination clause
- Statement to involve women, minority, and small businesses
FORMAL PROCUREMENT
INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP)

- Price adjustment clause based on public index that is defined
- Bid protest procedures
- Delivery method
- Provisions for contractor to keep records, at least three years plus current year
- Statement of Integrity (Anti-Collusion)
- Debarment/Suspension Certificate
- Market Basket
FORMAL PROCUREMENT (INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP))

- Purchase conditions
  - Buy American
  - Government surplus
  - Process to ensure no unnecessary or duplicate goods
  - Geographic or local preference
FORMAL PROCUREMENT (INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP))

- SFSP requirement: local agency must include a procedure for notifying the State Agency of day, time and place of bid opening
- Description of contract monitoring process, including auditing
- Rebates, discounts, refunds
- Communication methods for bid responses
- Who is responsible for awarding and monitoring contracts
- Award criteria
Criteria for awarding contract

- IFB: Price is only consideration
- RFP: Price must be primary consideration, the solicitation score card defines other criteria
- Awarded to responsive, responsible, and most advantageous bid response
Define substitution procedures
Define person responsible for keeping all procurement documentation
Don’t forget to turn your IFB or RFP solicitation and winning bid response into a contract that is signed by the local agency and the distributor or vendor
OTHER PROVISIONS

- Process for testing new products
- Who is responsible for review transactions
- Payment/invoice process and timelines
- How will product specifications be updated
- Code of Conduct
OTHER PURCHASE OPTIONS
PIGGYBACKING

- Piggybacking onto another local agency or schools formal procurement –
  - The local agency/school must allow piggybacking in their contract terms
  - Document the reason why it is necessary
  - The addition of other local agencies or schools cannot result in a material change to the original contract.
  - Contract or agreement between purchasing agency and original agency to define roles and responsibilities
  - Approval from the distributor
  - Are there other options
SOLE SOURCE

- Request for sole source must be preapproved by the State Agency, CANS ***THIS IS REQUIRED***
- Non-competitive negotiation
- Only available from one vendor
- Specification
- Who is responsible
- Other situations for non-competitive
EMERGENCY PURCHASES

- Necessary to continue operation
- Keep track
  - What it is
  - How much is cost
  - Who you bought it from
  - Reason it was an emergency purchase
CONCLUSION

- Write a procurement plan
- Know what is in your procurement plan
- Make updates as needed and review annually
- Sign up for Check in With CANS monthly call and newsletter
- Be pro-active
- Don’t guess, call CANS with questions
QUESTIONS
RESOURCES

- Code of Federal Regulations 7 CFR Part 210.21 and 220.16
- South Dakota Codified Law 5-18A-14 (Services)
- South Dakota Codified Law 5-18A-14 and 22(12) (Supplies or Non-perishables)
- State Agency, CAN office
  - Email: DOE.SchoolLunch@state.sd.us or Geriann.Headrick@state.sd.us
  - Phone: 605-773-3413 or 605-773-4718
- Other Agencies
Child Nutrition Procurement:  
Procurement Plan  
December 2018

Training Certificate  
60 minutes in  
Key Area 2: Operations  
2400 Purchasing/Procurement

Key Area 3: Administration  
3320 Compliance with Regulations/Policies  
3520 Equipment Purchasing and Maintenance

Name: Date: December 12, 2018