
PROCUREMENT PLAN

WHAT'S IN YOURS?



Gerianne 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

PROCUREMENT

- All purchases made using federal funds must be
 - Fair
 - Open
 - To promote competition
 - Transparent

PROCUREMENT

- 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 schools 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.

BUY AMERICAN

Examples of significantly higher cost:

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

Domestic price: $\$35.00/\text{case} = \$35,000$

Foreign price: $\$33.00/\text{case} = \$33,000$

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: $\$35.00/\text{case} = \$35,000$

Foreign price: $\$33.00/\text{case} = \$33,000$

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

MICRO-PURCHASING

- 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

FORMAL PROCUREMENT INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP)

- 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

FORMAL PROCUREMENT INVITATION FOR BID (IFB) OR REQUEST FOR PROPOSAL (RFP)

- 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

OTHER PROVISIONS

- 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 Gerianne.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

