

Memorandum

Date: July 22, 2009

To: School Food Authorities

From: Gary C. May, Director
Office of Child Nutrition

Subject: Procurement Plan Updates

Enclosed is a sample Procurement Plan with updated thresholds for your use in the adoption of a plan for your district's compliance with USDA TITLE 7 CFR Part 3016. This part establishes uniform administrative rules for Federal grants and cooperative agreements to state and local governments.

When developing your district's plan, the following three provisions override everything:

- 1) Procurement should be conducted in a manner that prohibits the use of statutory, in-state or local geographical preferences (except for non-processed, locally grown produce) in the evaluation of bids or proposals.
- 2) The developer of written specifications or descriptions for procurement will be prohibited from submitting bids on such products.
- 3) Under Federal guidelines, procurements in which the contract value exceeds \$100,000.00 are required to follow formal bid procedures.
- 4) For purchases under \$100,000, school food authorities must obtain quotes from "an adequate number of qualified sources."
- 5) Procurement of non-food and non-perishable supplies must follow State of Mississippi purchasing thresholds as they are more restrictive than Federal thresholds:
 - a) \$0-\$50,000 – must obtain written quotes from at least two qualified suppliers
 - b) \$50,000 and above – must follow formal bid procedures.

Remember all procurement must adhere to open and fair competition. Source documentation should be available to determine open competition, the reasonableness, the allowability and the allocation of costs for all procurement.

SAMPLE PROCUREMENT PLAN

The _____ (School Food Authority) will purchase food and other items for use in the Child Nutrition Program in compliance with USDA Title 7 CFR Part 3016 and Mississippi State Law, using the procedures outlined in this document and the Chart of Procedures.

- A. Purchases of more than \$50,000.00 require formal bid procedures. Formal bid procedures will be as follows:
1. Advertisement in a newspaper of general circulation.
 2. Mail specifications and bid documents to all potential bidders.
 3. Publicly open and tabulate bids.
 4. Bids will be submitted to the school board for approval.
- B. If the purchases exceed \$5,000.00, but not more than \$50,000.00, these purchases shall be made by use of the small purchase procedure. Small purchase procedures will be as follows:
1. Develop specifications and instructions for all items.
 2. Obtain price quotes from an adequate number of suppliers.
 3. Prepare a price quote documentation sheet and indicate the supplier who was awarded the quote.
 4. Submit documentation sheet to review official.
- C. Under Mississippi law no quote or bid is required for purchases which involve an expenditure of less than \$5,000.00, exclusive of freight or shipping charges, and may be made without advertising or otherwise requesting competitive bids. Federal regulations (7 CFR 3016 and 3019) require school food authorities to follow “informal procurement methods for securing services, supplies, or other property” that do not cost more than acquisition threshold currently set at \$100,000. To comply with this requirement, school foodservice authorities must obtain quotes from “an adequate number of qualified sources” for all purchases that fit within this category
- D. If it is necessary to make an emergency purchase in order to continue service, the purchase shall be made and a log of all such purchases shall be maintained and reviewed by the review official listed in Column E of the Chart of Procedures. The log of emergency purchases shall show:
1. Item name;
 2. Dollar amount;
 3. Vendor; and
 4. Reason for emergency.
- E. Non-competitive negotiations will be used to purchase items: (1) which are available from a single source, (2) one time purchases of new food items in order to determine student acceptance and, (3) samples for testing purposes. A log of all non-competitive negotiation purchases shall be maintained and reviewed by the review official listed in Column E of the Chart of Procedures. The log of non-competitive purchases shall show:
1. Item name;
 2. Dollar amount;
 3. Vendor; and
 4. Reason for purchase.
- F. All purchases will be conducted in accord with the attached Chart of Procedures.
- G. The following records will be maintained for a period of 3 years, plus the current year:
1. Records of all phone quotes.
 2. Logs of all emergency and non-competitive purchases;
 3. All written quotes and bid documents;
 4. Comparison of all price quotes and bids with the effective dates shown;
 5. Price comparison will show bids or quote award; and
 6. Log of approved substitutions.
- H. While foods purchased for use in connection with the school lunch are exempt from Mississippi State Law, any food purchases in which the contract value exceeds \$100,000.00 are required by Federal Law to follow formal bid procedures. For food purchases under \$100,000, school food authorities must obtain quotes from “an adequate number of qualified sources.”

- I. Each SFA must develop an established procedure to handle any dispute resulting from a competitive process (Bid Protest Policy).
- J. The following conduct will be expected of all people who are engaged in the award and administration of contracts supported by school food and nutrition program funds.
 - No employee, officer or agent of the _____ (School Food Authority) shall participate in selection or in the award or administration of a contract supported by program funds if a conflict of interest, real or apparent, would be involved.
 - Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:
 - a. The employee, officer or agent;
 - b. Any member of his immediate family;
 - c. His or her partner;
 - d. An organization which employs or is about to employ one of the above.
 - The _____ (School Food Authority) employees, officers or agents shall neither solicit nor accept gratuities, favors or anything of material monetary value from contractors, potential contractors or parties to sub-agreements.
 - The purchase during the school day of any food or service from a contractor for individual use is prohibited.
 - The removal of any food, supplies, equipment or school property, such as official records, recipe books and the like, is prohibited.
 - The outside sale of such items as used oil, empty cans and the like will be sold by contract between the _____ (School Food Authority) and the outside agency. Individual sales by any school person to an outside agency or other school person is prohibited.
 - Failure of any employee to abide by the above stated code could result in a fine, suspension, or both, or dismissal. Interpretation of the code will be given at any time by contacting _____ (Title of Person) at _____ (Telephone Number). The _____ (School Food Authority) will not be responsible for any other explanation or interpretation which anyone presumes to make on behalf of the Board of Education.

This plan adopted by the Board of Education of the _____ School District at the regularly scheduled meeting on this the _____ day of _____ in the year _____.

SIGNATURE

(Superintendent)

(Secretary of the Board)

INSTRUCTIONS FOR COMPLETING CHART OF PROCEDURES IN PROCUREMENT PLAN

Column A Preprinted categories. *

Column B Enter in this column the frequency with which pricing will be obtained. Some suggested answers might be:

- | | | |
|-------------------|----------------------------|------------------------------|
| 1. Daily; | 5. Twice a month; | 9. Every 90 calendar days; |
| 2. Weekly; | 6. Every 60 calendar days; | 10. Every 6 months |
| 3. Every 2 weeks; | 7. Every 2 months; | 11. Twice a school term; and |
| 4. Monthly; | 8. Quarterly; | 12. Annually. |

If more than one frequency applies to a specific category, place the most common frequency in Column B and on a separate attachment explain the exception.

Column C Enter in this column the method that will be used to purchase each of the categories listed in Column A. Fill in Column C with the most common method and on a separate attachment explain the exception. Some suggested wording for method is as follows:

- | | |
|------------------------------|--|
| 1. Line item phone quotes; | 4. Bottom line firm price bids; |
| 2. Line item written quotes; | 5. Reimbursable cost plus a fixed fee; and |
| 3. Line item formal bids; | 6. Non-competitive negotiations. |

Column D Enter in this column the title of the position of the person who will be responsible for writing and interpreting specifications. This should be someone who is active in the daily operation of the food service, such as:

- | | |
|-------------------------------|-------------------------|
| 1. Food Service Administrator | 2. Food Service Manager |
|-------------------------------|-------------------------|

In districts where there is no central administrator of food service or in single school operations this person could be the food service manager or head cook.

Column E Enter in this column the title of the person responsible for issuing quote and bid requests, tabulating price information and making recommendations on the award of purchase. This should be someone who is active in the daily operations of the food service, such as:

- | | |
|-------------------------------|-------------------------|
| 1. Food Service Administrator | 2. Food Service Manager |
|-------------------------------|-------------------------|

In districts where there is no central administrator of food service or in single school operations this person could be the food service manager or head cook.

Column F Enter in this column the title of the person who has the authority to award bids (probably Board of Education has delegated to the Superintendent. The Superintendent may have delegated to a Business Manager, Assistant Superintendent or Purchasing Agent). The review and award official should always be someone who is higher or lateral in the organization to the person listed on Column E.

Column G Enter in this column the title of the person who makes the decisions about quantity and time of delivery. In the majority of school districts this will be the Food Service Manager/Head Cook.

Column H Enter in this column the title of the person who will actually place the order with the appropriate supplier. In the majority of districts this will be the Food Service Administrator, Assistant or Manager.

Column I Enter in this column the title of the person who will actually receive products. In most districts this will be the Food Service Manager/Head Cook or a Warehouse Supervisor.

Column J Enter in this column the title of the person who has the authority to approve substitutions of products or brand. In order to maintain the integrity of the purchasing function this should be people listed in Column E or someone who is extremely familiar with the process.

*If your organization is a participant in the Statewide Purchasing Program (SWPP) and any of the optional programs (i.e. milk, ice cream, bread and produce) you may enter **SWPP** in the Columns B, C, D, E, F, and J beside each category that is administered by the purchasing program. This entry will indicate to us that the Statewide Purchasing Program performs those functions for your organization. In Columns G, H, and I, you must enter the name of the individual who performs those functions.

CHART OF PROCEDURES

A (Category) WHAT	B (Frequency) WHEN	C (Method) HOW	D Writes & Interprets Specifications & Instructions, etc.	E Issues, Requests, Receives & Tabulates Pricing	F Awards & Reviews Bids or Quotes	G Requisitions Product WHO	H Orders Product WHO	I Receives Product WHO	J Approves Substitutions of Product or Brand
1. Fresh Produce									
2. Dry Groceries									
3. Frozen Fruits & Vegetables									
4. Frozen Meats									
5. Paper Goods									
6. Miscellaneous Cleaning Supplies									
7. Dishmachine & Other Special Chemicals									
8. Equipment-Small									
9. Equipment-Large									
10. Milk									
11. Bread									
12. Ice Cream									
13. Emergency Purchases									
14. Non-Competitive Negotiations									