



Procurement – Part I Overview

School Nutrition Programs September 2021



Delaware
Department of Education



Procurement Part I

Overview

- Importance of procurement
- Introduction to the procurement methods
- Competition
- Procurement plans/procedures



Why is Procurement Important?

- USDA Requirement
- Money Management



Procurement - What You Need to Know

- Understand goods, products, services needed
- Potential suppliers of goods, products, services
- Understand allowability of costs
- Best price
- Which method of procurement to use
- Document the steps involved



2 CFR 200

2 CFR 200 (200.317 – 200.326):
Uniform Administrative Requirements,
Cost Principles, and Audit
Requirements for Federal Awards



2 CFR 200

PROCUREMENT STANDARDS

§ 200.317 - Procurements by states.

§ 200.318 - General procurement standards.

§ 200.319 - Competition.

§ 200.320 - Methods of procurement to be followed.

§ 200.321 - Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

§ 200.322 - Procurement of recovered materials.

§ 200.323 - Contract cost and price.

§ 200.324 - Federal awarding agency or pass-through entity review.

§ 200.325 - Bonding requirements.

§ 200.326 - Contract provisions.



Program Specific Procurement Regulations

- **SNP:** 7 CFR 210.21
- **SBP:** 7 CFR 220.16
- **SFSP:** 7 CFR 225.17
- **CACFP:** 7 CFR 226.22
- **USDA Foods:** 7 CFR 250 – Subpart D:
Donated Foods in FSMC



Program Specific Procurement Standards

Programs	Buy American	Cost-Reimbursable Contract Provisions	Geographic Preference	Minority Business Enterprises
NSLP & SBP	7 CFR Parts 210.21(d) and 220.16(d)	7 CFR Parts 210.21(f), 200.16(e) and 250.53	7 CFR Part 210.21(g) and 220.16(f)	-
SFSP	-	-	7 CFR part 225.17(e)	7 CFR Part 225.17(d)
CACFP	-	-	7 CFR Part 226.22(n)	7 CFR Part 226.22(f)
USDA Foods	7 CFR Part 250.23	7 CFR Part 250.53(b)	-	-



Allowable Costs

2 CFR 200 Subpart E – Cost Principles

2 CFR 200.403 - details factors affecting the allowability of costs

2 CFR 200.404-.405 - detail explanations of cost, including reasonable costs and allocable costs



Allowability of Costs

2 CFR 200.403 Criteria for Allowable Costs

- Necessary
- Reasonable
- Allocable
- Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity
- Consistently treated as direct or indirect
- Determined in accordance with Generally Accepted Accounting Principles (GAAP)
- Not included as a cost or matching contribution of any other grant (except where allowed by Federal regulations)
- Adequately documented



Necessary, Reasonable, and Allocable

- Necessary
- Reasonable
- Allocable

Source: *USDA FNS Indirect Costs Guidance for State Agencies & School Food Authorities*



Unallowable Costs

- Beginning in SY 2020-2021, when costs are determined unallowable by the State Agency (SA) during a Procurement Review, the nonprofit school foodservice account will need to be reimbursed by the General fund or other non-federal funds.



Unallowable Costs

Examples of Unallowable Costs

- Goods/services purchased when procurement was not conducted, or when procurement was not conducted under the proper method
- A capital expenditure that was not approved by the State Agency prior to the purchase
- Costs determined to be not necessary or reasonable, such as:
 - Entertainment (including activities such as team bonding)
 - Cell phone costs (for personal use)
 - Gifts (retirement, holiday, etc.)
 - Gift cards that do not benefit the Nutrition Program
 - Food for staff meetings unless a training or a meeting is taking place at the time of the meal



Methods of Procurement

2 CFR 200.320

1. Micro-purchase
2. Small Purchase (Informal Procurement)
3. Formal Procurement – Competitive Proposals (RFPs)
4. Formal Procurement – Sealed Bids (IFBs)
5. Sole Source



Procurement Thresholds

DELAWARE

Material & Non-Professional Services

Less than \$10,000 – Open Market
Purchase

\$10,000 - \$49,999 – Written Quotes (3)

\$50,000 and over – Formal Procurement

Professional Services

Less than \$100,000 – Open Market

\$100,000 and over – Formal
Procurement

USDA

Material & Non-Professional Services

\$10,000 or less – Open Market (micro
purchase)

\$250,000 or less – Written Quotes (3)

\$250,001 and over – Formal
Procurement

→ IFB

→ RFP



Professional Services

Delaware Code §6902(19) Defines Professional Services as follows:

"Professional services" means services which generally require specialized education, training or knowledge and involve intellectual skills. Examples of professional services include, but are not limited to, engineering, environmental engineering, environmental monitoring, land surveying, landscape architecture, geology, architectural, archaeologists, architectural historians, historians, educational consultants, management, medical, teaching, planning, computer information management, financial, accounting, auditing, construction management and arbitration services.



Procurement Plan

2 CFR 200.318(a)

A procurement plan is a written set of procedures for conducting procurement.

- Ensures federal funds are handled fairly
- Promotes full and open competition
- Includes procedures for implementing the different procurement methods



Principals of Good Procurement

Full and Open Competition

Fairness and Integrity

Responsible Vendor; Responsive Bid

Transparency



Full and Open Competition

- Goal of all federal procurement regulations
- Same opportunities to compete
- Higher quality goods and services at the lowest possible price
- Specifications do not restrict or eliminate competition



Restricting Competition

- Unreasonable requirements
- Unnecessary experience or bonding
- Noncompetitive contracts
- Organizational conflicts of interest
- Specifying “brand name”
- Any arbitrary action



Required Documentation

Documentation must be maintained for a minimum of three years plus the current year:

- Micro-purchase
 - Invoices, receipts
- Small (informal purchase)
 - Quotes, specifications, evaluations, invoices, receipts
- RFP or IFB
 - Bid document, bid advertisement, responses received, scoring/evaluation documentation (for RFPs), contract, invoices, receipts



Piggybacking

Piggybacking

When a SFA uses an existing contract developed by another SFA, or group of SFAs, to purchase goods/services on the same terms of the existing contract:

- The original solicitation must contain a clause allowing for additional users of the contract under the same terms and conditions
- The SFA who created the original solicitation should be notified by the SFA requesting to piggyback
- The vendor must agree to the piggyback
- The SFA enters into a written contract with the vendor

NOTE: The SFA piggybacking on the contract must ensure that the procurement meets all federal and state procurement regulations.



SNP Procurement Review Checklist



Delaware
Department of Education

School Nutrition Programs Procurement Review Checklist

Information Submitted to Reviewers Prior to Vendor Selection:

Upon completion of the Administrative Review, the State Agency reviewer will request the following documents:

- Vendor Paid List**
 - List of all transactions by vendor for the last completed school year, with totals by vendor
 - Do not include payroll information
- Written Code of Conduct**
 - May be district policy or SFA policy
- Written Procurement Policy and Procedures**
 - May be district policy or SFA policy

Information Submitted to Reviewers After Vendor Selection:

After your reviewer has selected the vendors, you will be asked to submit the following documents for each procurement category:

Micro-purchases (\$0-\$10,000)

- Three receipts from separate transactions paid during the last school year for each selected vendor

Small Purchases (\$10,001-\$24,999)

- Bid document or description/specifications of goods/services provided to each vendor
- Documented quotes received (from all vendors contacted)
- Scoring/evaluation criteria or description of how the vendor was selected
- Three invoices paid during the previous school year

Formal Purchases (\$25,000 and up)

- Original solicitation document (RFP or IFB)
- All vendor responses to the solicitation, including prices
- Scoring/evaluation of all submitted proposals
- Signed contract, including a list of awarded products, if applicable
- Three invoices paid during the previous school year
- Any amendments after the original contract year, including extensions and rollover documents

USDA Foods Processing (if applicable)

- A list of all food products that were processed using USDA foods, including manufacturer of each product
- Activity and balance printouts from K12 Commodity Tracker and Fidelas' Processor Link

Additional information and documentation may be requested, as needed.

This institution is an equal opportunity provider.



SNP Procurement Review Checklist



School Nutrition Programs Procurement Review Checklist For Review Periods Beginning SY 2021-2022

Information Submitted to Reviewers Prior to Vendor Selection:

Upon completion of the Administrative Review, the State Agency reviewer will request the following documents:

- Vendor Paid List**
 - List of all transactions by vendor for the last completed school year, with totals by vendor
 - Do not include payroll information
- Written Code of Conduct**
 - May be district policy or SFA policy
- Written Procurement Policy and Procedures**
 - May be district policy or SFA policy

Information Submitted to Reviewers After Vendor Selection:

After your reviewer has selected the vendors, you will be asked to submit the following documents for each procurement category:

Micro-purchases (\$0-\$10,000)

- Three receipts from separate transactions paid during the last school year for each selected vendor

Small Purchases (\$10,001-\$49,999)

- Bid document or description/specifications of goods/services provided to each vendor
- Documented quotes received (from all vendors contacted)
- Scoring/evaluation criteria or description of how the vendor was selected
- Three invoices paid during the previous school year

Formal Purchases of Goods and Non-Professional Services (\$50,000 and up); Formal Purchases of Professional Services (\$100,000 and up)

- Original solicitation document (RFP or IFB)
- All vendor responses to the solicitation, including prices
- Scoring/evaluation of all submitted proposals
- Signed contract, including a list of awarded products, if applicable
- Three invoices paid during the previous school year
- Any amendments after the original contract year, including extensions and rollover documents

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Additional information and documentation may be requested, as needed.



Thank you!

This concludes the Procurement Part I – Overview training.

Be sure to take the short quiz and access the resources.

Professional Standards: 0.5 Hours

Training Topic:

2000 Operations; 2400 Purchasing/Procurement

