

What You Will Learn Today

- Procurement is in the spotlight
- The three phases of procurement reviews
- Update on piggybacking
- Procurement resources





In the
Spotlight

Procurement in the Spotlight

- Title 2, *Code of Federal Regulations (2 CFR)*, Part 200
 - Consolidates and simplifies administration of federal grants
- USDA focuses on state agency enforcement of procurement regulations: guidance, training, reviews
- Procurement standards are not new



A Few Words About Competition

- Prevents fraud and collusion
- Ensures the most responsive and responsible respondent will receive the award
- Provides a common standard among respondents
- Must be free of restrictions



Procurement Reviews

- Maintain program integrity
- Ensure compliance with regulations
- Provides proper state agency oversight

USDA Policy Memo: SP 04-2016 (Nov. 9, 2015)



NSD Procurement Reviews: 3-Year Plan

Year	School Year	NSD Plan
Year 1	SY 2015–16	SNAP (electronic) Survey to all sponsors receiving AR in SY 2015–16
Year 2	SY 2016–17	SNAP Survey to Program Operators with AR and submittal of <u>one</u> procurement contract for CDE review (if applicable)
Year 3	SY 2017–18	Adopt USDA Local Agency Procurement Tool



Year 1 – Procurement Reviews

- On-line assessment sent to 860 Program Operators receiving AR during **SY 2015-16**
 - Two main questions
 1. Does agency have a written code of conduct?
 2. Does agency have written procurement procedures?
- The Survey Results
 - 98% response rate
- Technical Assistance for noncompliance

ASSESSMENT



Procurement Documents

- Two elements:
 - Written code of conduct
 - Written procurement procedures
- Refer to checklist for required components



2 *CFR*, Section 200.318(a)



Written Code of Conduct

A written policy governing the ethical conduct and actions of employees engaged in the selection, award, and administration of contracts.





Code of Conduct Procedures

- Checklist available on the Procurement in Child Nutrition Programs Web page at <http://www.cde.ca.gov/ls/nu/pr/index.asp>
- Required components





Code of Conduct: Reminders

- Train employees on code of conduct
- Determine if code of conduct needs approval by the governing board
- Review and update code of conduct periodically
- Determine what forms are required, what level of staff, and how often





Code of Conduct: Next Steps

“Does my agency have a written code of conduct?”

- If no, develop a written code of conduct
- If yes, ensure the code of conduct includes all the required components



Written Procurement Procedures

A procurement procedure is a written document that describes how your organization will conduct procurement transactions in accordance with federal, state, local, and tribal laws and regulations.





Understanding the Procedures

- Ensure they contain specific information and processes for transactions
- Update as procedures change
- Are unique to each district
- Are documented
- Are followed

Procurement Procedure Components

- Checklist available on Procurement in Child Nutrition Programs Web page at <http://www.cde.ca.gov/ls/nu/pr/index>.
- Required components



Procurement Procedures: Reminders

- Train employees on proper procurement procedures
- Determine if procurement procedures need approval by the governing board
- Review and update procedures periodically





Procurement Procedures: Next Steps

“Does my district have written procurement procedures?”

- If no, develop procurement procedures
- If yes, does the procurement procedure include all the required components or do I need to make revisions?



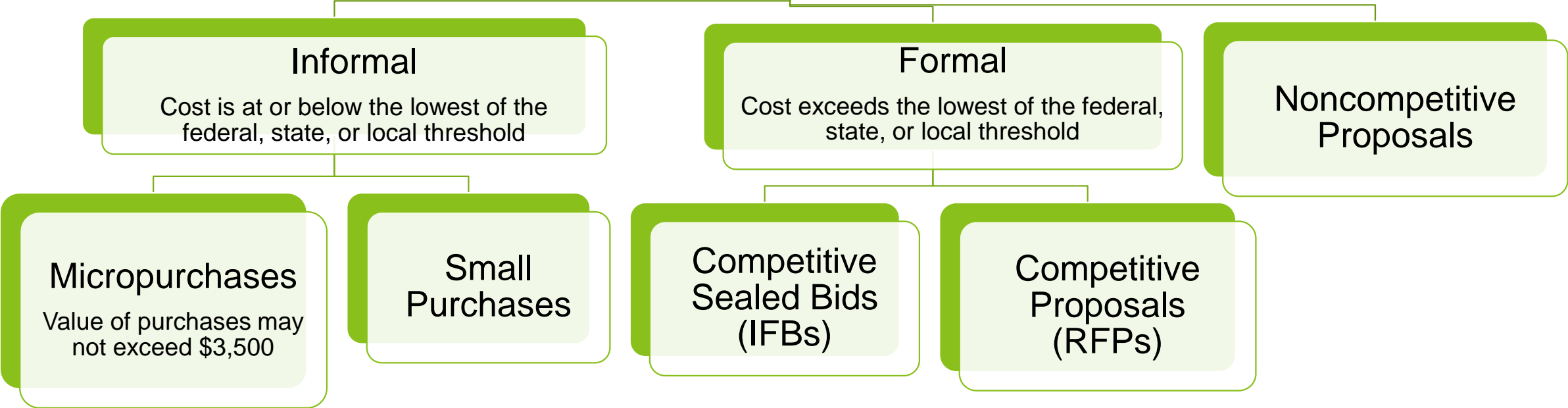


Year 2 – Procurement Reviews

- Similar to 2015–16 Procurement Reviews
- On-line assessment will be sent in October 2016 to Program Operators receiving an AR in **SY 2016–17**
 - Two main questions
 1. Does agency have a written code of conduct?
 2. Does agency have written procurement procedures?
- TA for noncompliance + one procurement method (contract) review for select agencies



Procurement Methods





Procurement Method: Informal

Micropurchases

- Thresholds: \leq \$3,500
- Distributed equitably among qualified suppliers
- Ensure prices are reasonable
- Maintain documentation:
 - Micropurchase procedures
 - Invoices

Procurement Method: Informal

- Small purchase thresholds:
 - Federal = \$150,000
 - State = \$87,800 (January 1–December 31, 2016)
 - Local = varies by district
- Maintain documentation:
 - Written procedures
 - Written specifications/scope of work
 - Price quotes from an adequate number of qualified sources



Procurement Method: Formal



- Exceeds most restrictive threshold
- Two types:
 - Invitation for Bid (IFB): Competitive sealed bidding is used if a complete specification or technical description is available
 - Request for Proposal (RFP): Competitive negotiation is used if a complete specification or technical description is not available



Procurement Method: Formal

Documentation—written procedures and specifications

- IFB
 - Sealed bids
 - Publicly solicited
 - Awarded to lowest, responsive and responsible bidder
- RFP
 - Publicized
 - Identified evaluation criteria
 - Conducted technical evaluation
 - Awarded to responsive and responsible bidder

Procurement Method: Noncompetitive Bid

- Public need is urgent or an emergency exists that will not permit a delay resulting from a competitive solicitation
- Requires CDE preapproval
SFSContracts@cde.ca.gov
- Very restrictive
- Maintain documentation:
 - Pre-approval from CDE
 - Contracts/bid solicitations



**EMERGENCY USE
ONLY**



APPROVED



Year 3 – Procurement Reviews

- **SY 2017–18** mandatory use of USDA Local Agency Procurement Tool
- Off-site desk review
- SFA Procurement Table

USDA Local Agency Procurement Tool

SFA Information

DISNEY UNIFIED SCHOOL DISTRICT

SFA Procurement Table

Procurement Authority (List staff at the LEA/SFA level responsible for procurement)

SFA Instructions: List name(s), position(s)/title(s) and contact information of those person(s) authorized by the LEA/SFA as procurement agent(s) and who is/are responsible for compliance with local, state and federal program regulations, including Child Nutrition Program requirements.

Name	Position/Title	Responsibilities (Ex: conducts micropurchases, small purchase procedures, develops IFB/RFPs, monitoring etc.)	Contact Information
Mickey Mouse	Superintendent	Purchase goods and services	916-555-5555



Small Purchase Threshold

Small Purchase Threshold Information: **SFA Instructions:** *Answer questions below.*

What is the small purchase threshold for the LEA/SFA?

Enter \$\$ Amount

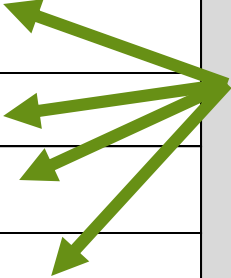


What is the small purchase threshold for the State, if applicable?

Enter \$\$ Amount



Group Purchasing Organizations, Group Buying Organizations, and Third-party Entities

Group Purchasing Organizations, Group Buying Organizations and Third Party Entities SFA Instructions: <i>Answer questions below.</i>		
Did the SFA pay a membership fee/pay for the services of a Group Purchasing Organization (GPO), Group Buying Organization (GBO) or third party entity? If YES, include the name of the GPO, GPO or third party entity in the comments.		<p style="text-align: center; color: purple; font-size: 1.2em;">Answer these questions</p> 
If YES, is the SFA currently receiving rebate checks from this organization?		
If YES, how often does the SFA receive checks (monthly, quarterly, annually, other)?		
What was the total value of rebates deposited in the nonprofit food service account from checks received from these companies in the prior year?		



Micropurchases

Micro Purchases (Purchases from vendors valued between \$0.00-\$3,500) A39

Name of Vendor	Goods/Services Provided	Total Paid to Vendor	Product(s) and/or service(s) purchased	How many purchases were made from this vendor during the school year?	Comments
Store A	Bread	Drop down menu	Drop down menu	Enter Number	
Store B	Plumbing	Drop down menu	Drop down menu	Enter Number	



Small Purchase/Informal Contracts

Small Purchase/Informal Contracts (Purchases from vendors valued between \$0-\$150,000, or most							
Name of Vendor	Goods/Services Provided	Total Paid to Vendor	Product(s) and/or service(s) purchased	Was this a one-time purchase or did the SFA use this vendor for multiple purchases?	Did the SFA receive more than one response to its solicitation?	Was a GPO/GB0/third party entity awarded this contract?	Comments
Vendor A	Good	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	
Vendor B	Service	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	



Formal Contracts

Formal Contracts: Sealed Bids/Competitive Proposals (Contracts with vendors valued at or above \$150,000, or at or above the State's/LEA's small purchase threshold)

Name of Vendor	Goods/Services Provided	Contract Value	Solicitation Type (IFB or RFP)	Contract type (Fixed Price or Cost Reimbursable)	Contract Duration	Did the SFA receive more than one response to its solicitation?	Was a GPO/GB0/non-SFA only COOP involved in the execution of this contract?	Were any amendments made to this contract after it was awarded?
Vendor A	Good	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu
Vendor B	Service	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu



FSMC Contracts

Food Service Management Company Contracts SFA Instructions: Input information below.

Name of Vendor	Goods/Services Provided	Contract Value	Solicitation Type (IFB or RFP)	Contract type (Fixed Price or Cost Reimbursable)	Contract Duration	Did the SFA receive more than one response to its solicitation?	Was a GPO/GBO/non-SFA only COOP involved in the execution of this contract?	Were any amendments made to this contract after it was awarded?
Vendor A	Good	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu
Vendor B	Service	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu



Processing Contracts

Processing Contracts for USDA Foods SFA Instructions: Input information below.

Name of Vendor	Goods/Services Provided	Contract Value	Solicitation Type (IFB or RFP)	Contract type (Fixed Price or Cost Reimbursable)	Contract Duration	Did the SFA receive more than one response to its solicitation?	Was a GPO/GBO/non-SFA only COOP involved in the execution of this contract?	Were any amendments made to this contract after it was awarded?
Vendor A	Good	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu
Vendor B	Service	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu	Drop down menu



Year 3: Categories and Focus

- Transactions selected
- Five review categories
- Targeted focus = risky transactions



Refer to “Procurement Selection Criteria” handout



Review Categories

1. Micro-purchase
2. Small (informal) procurement method
3. Formal procurement method
4. Food service management companies
5. Processor transactions



Refer to “Procurement Selection Criteria” handout

Targeted Focus: Procurement Transactions

1. Third party involvement
2. One response to solicitation
3. Higher dollar value
4. Review priorities
5. Value credit methods



Corrective Actions

- Deadline for the corrective actions is established
- A follow-up of the corrective action occurs
- Noncompliance may require other action



The Next Steps

- Program operator will receive an exit interview after the review
- Review will be followed by a letter of results
- Findings and corrective actions will be addressed
- Accolades for procurement transactions may be the result





One more thing!



Piggybacking Definition

A piggyback procurement is when one entity is “jumping on” an existing contract (under the same terms) to procure goods or services.





Piggybacking: What We Know

- Can be an acceptable practice when done correctly
- Must include a piggybacking clause
- Must be procured in compliance with federal regulations
- Cannot result in a material change
- Update to USDA policy coming in Fall 2016



Piggybacking: What We Do Not Know

- What sort of agreements are required
- California *Public Contract Code*, Section **20118**
 - Mentions piggyback-like process
 - Does not clarify



Piggybacking – Next Steps

- Consult your procurement department, legal counsel or both about this process



Summary

- Procurement transactions are in the spotlight
- Reviews will happen in 3 years
- We are currently in year 2 of procurement reviews
- Year 3 will be a thorough review of procurement
- Records of your transaction are important

Remember

Procurement reviews are an opportunity to learn and improve!!





Procurement Resources

CDE Web pages

- Procurement in Child Nutrition Programs
<http://www.cde.ca.gov/ls/nu/pr/index.asp>
- Procurement in School Nutrition Programs
<http://www.cde.ca.gov/ls/nu/sn/fsmcproc.asp>
- NSD Professional Development for CNP Personnel
<http://www.cde.ca.gov/ls/nu/pd-main.asp>

How to Contact Us?



- E-mail address: SFSCONTRACTS@cde.ca.gov
- SFSCU by phone at 916-319-0636, or toll-free at 800-952-5609, option 2
- To locate your assigned Contract Specialist for your county on the Web, go to the CDE Procurement Web page at <http://www.cde.ca.gov/ls/nu/sn/fsmcproc.asp>, Resources tab.



Thank you!



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