



# Off-site Procurement Review Process

CSNA's 65<sup>th</sup> Annual Conference

Lynda Phan, Manager, Procurement Resources Unit  
California Department of Education



November 11, 2017

# Training Objectives



1. Understand the purpose and frequency of the off-site procurement review
2. Learn what information the school food authority (SFA) must provide in the SFA Procurement Table
3. Identify which documents the SFA must submit to the California Department of Education (CDE)
4. Provide SFAs with step-by-step instructions on the review process

# Purpose of Review

- Procurement of goods and services is a significant responsibility of the SFA.
  - Taxpayer dollars are used effectively and efficiently
  - SFAs are receiving goods and services at the best price
  - There is no waste or abuse
- Federal regulations require state agencies to monitor SFA's procurement practices



## FEDERAL REGISTER

Vol. 78

Thursday,

No. 248

December 26, 2013

Part III

Office of Management and Budget

2 CFR Chapter I, Chapter II, Part 200, et al.  
Uniform Administrative Requirements, Cost Principles, and Audit  
Requirements for Federal Awards; Final Rule

# Frequency of Review\*

- **A minimum of once every three years:**

- SFAs that contract with an food service management company (FSMC), residential child care institutions, private schools, and camps
- Off-site procurement review will typically occur during the same year that these SFAs are scheduled for an administrative review (AR)

- **A minimum of once every six years:**

- Public school districts, charter schools, and county offices of education operating without an FSMC contract
- Off-site procurement review will typically occur every other time that these SFAs are scheduled for an AR

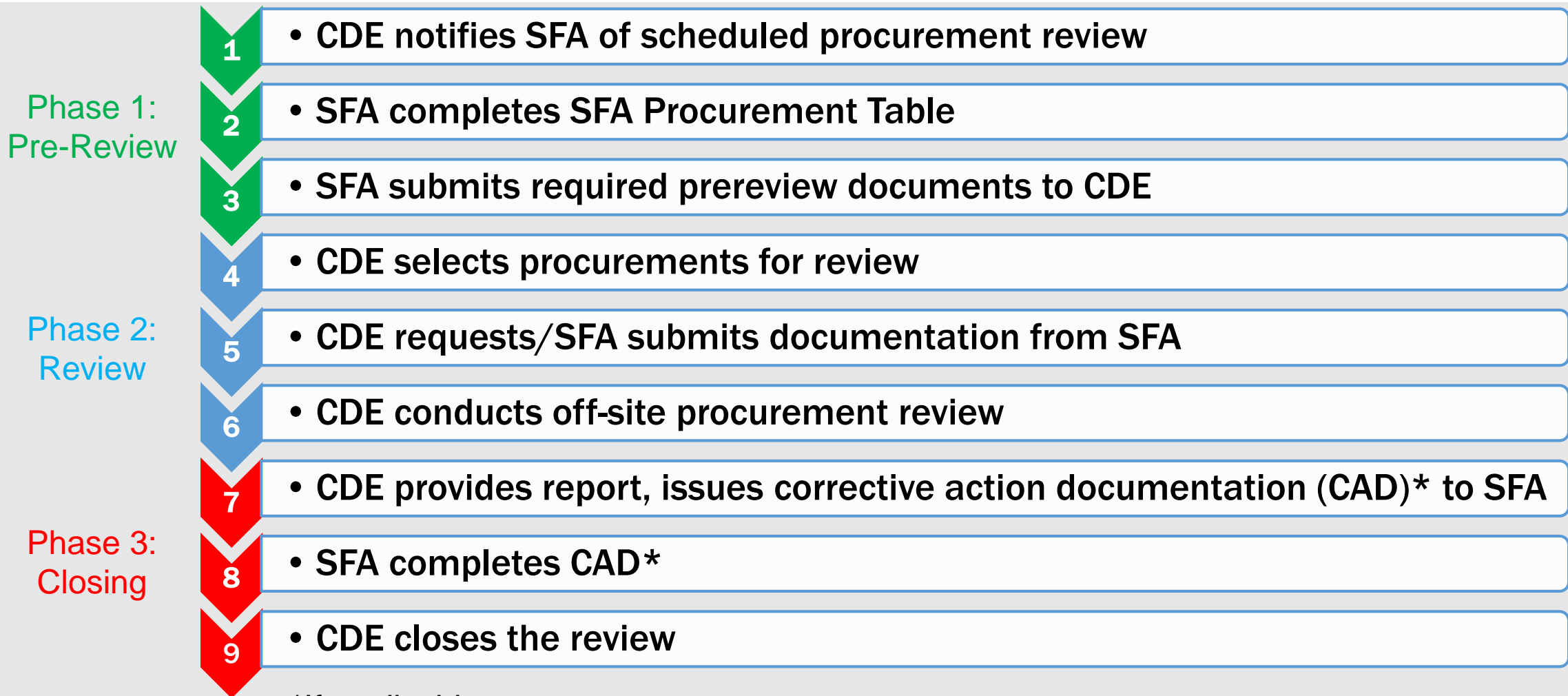
\* **Review is based on the prior school year**

# U.S. Department of Agriculture (USDA) Procurement Review Tool

- The USDA developed a Procurement Review Tool (Tool) to assist state agencies to:
  1. Evaluate the SFA's procurement procedures
  2. Assess the SFA's compliance with applicable federal and state procurement regulations and laws
  3. Establish findings and corrective actions (nonfiscal), if needed
  4. Capture technical assistance provided to the SFA



# Off-site Review Steps



\*If applicable

# Phase 1: Prereview

Steps 1–3

# Step 1:

## CDE Notifies SFA of Review

- CDE will notify SFAs by e-mail in beginning of school year
- E-mail correspondence will contain:
  - Instructions to download Forms PRU 01, SFA Procurement Table, and PRU 02, Vendor Paid List Instructions, from the Child Nutrition Information and Payment System (CNIPS) Download Forms section\*
  - Link to procurement review resources
  - List of documents that the SFA must submit to the CDE
  - Date the CDE must receive the SFA's documents
  - E-mail address for SFA to send the documents

\*For assistance, contact the CNIPS Help Desk: 800-952-5609 (Option 6) or [CNIPS@cde.ca.gov](mailto:CNIPS@cde.ca.gov)



# Step 2: SFA Completes Procurement Table

- SFA downloads Form PRU 01, SFA Procurement Table, in the Download Forms section of CNIPS
- SFA uses Vendor Paid List (summary of expenditures) **from prior school year** to complete the SFA Procurement Table



# SFA Procurement Table

## School Food Authority (SFA) Procurement Table

**SFA Instructions:** Please (1) complete the yellow highlighted cells only; (2) do not complete the black cells; and (3) check each yellow highlighted cell for drop down list options before entering text. Please refer to the Instructions Tab for further step-by-step directions.

<b>School Food Authority Name:</b>		e.g., ABC Public School District
<b>Child Nutrition Information and Payment System ID #:</b>		e.g., 09542

### Procurement Authority (Please list all staff at the LEA/SFA level who is/are 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 (e.g., conducts micropurchases, small purchase procedures, develops IFB/RFPs, monitoring, etc.)	Phone Number

### Small Purchase Threshold Information:

**SFA Instructions:** Answer questions below.

Type of LEA	<b>Charter School</b>
State or federal small purchase threshold for the type of LEA for SY 2016-17	\$150,000
What is your local small purchase threshold for SY 2016-17	

### Group Purchasing Organizations, Group Buying Organizations and Third Party Entities

**SFA Instructions:** Answer question below.

Did the SFA pay a membership fee, join at no cost, or otherwise enter into an agreement with a Group Purchasing Organization (GPO), Group Buying Organization (GBO) or third party entity?	
--	--

### Procurements (Examples Only)

Procurement Type	Name of Vendor/Food Service Management Company/Processor	Goods/Services Provided	Total Paid to Vendor	Contract Value (Enter Exact Total Amount[s])	How many purchases were made from this vendor during the school year?
Micropurchase	ABC Company	Pencils	\$2,000.00		59
Small Purchase	DEF Company	Apples	\$20,000.00		
	GHI, Inc	Frozen Food		\$155,000.00	

# SFA Procurement Table: Top Part

1

School Food Authority Name:		e.g., ABC Public School District
Child Nutrition Information and Payment System ID #:		e.g., 09542

2

Procurement Authority (Please list all staff at the LEA/SFA level who is/are 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 (e.g., conducts micropurchases, small purchase procedures, develops IFB/RFPs, monitoring, etc.)	Phone Number

3

Small Purchase Threshold Information:		
SFA Instructions: Answer questions below.		
Type of LEA	Charter School	
State or federal small purchase threshold for the type of LEA for SY 2016-17	\$150,000	
What is your local small purchase threshold for SY 2016-17		

4

Group Purchasing Organizations, Group Buying Organizations and Third Party Entities		
SFA Instructions: Answer question below.		
Did the SFA pay a membership fee, join at no cost, or otherwise enter into an agreement with a Group Purchasing Organization (GPO), Group Buying Organization (GBO) or third party entity?		

1. Name of SFA and the CNIPS ID
2. Procurement Authority
3. Small Purchase Threshold
4. Group Purchasing Information

# SFA Procurement Table: Bottom Part

## Procurements (Enter Procurement Information Below)

Solicitation or Procurement Type	Name of Vendor	Goods/Services Provided	Total Paid to Vendor
Small Purchase			

**Procurement or Solicitation Type**  
 SFAs must enter the type of procurement or solicitation.



# Examples

## Procurements (Examples Only)

Procurement Type	Name of Vendor/Food Service Management Company/Processor	Goods/Services Provided	Total Paid to Vendor	Contract Value (Enter Exact Total Amount[s])
Micropurchase	ABC Company	Pencils	\$2,000.00	
Small Purchase	DEF Company	Apples	\$20,000.00	
Formal Purchase	GHI, Inc	Frozen Food		\$155,000.00
FSMC Contract	Eatgood, Inc.	Food Service Management Company Services		\$1,234,567.00
Processing Contract	Send It and Process It	Ground Beef		\$275,000.00
Processing Contract	We Process 4U	Chicken Processing		\$40,000.00

# Procurement Types

- Micropurchases ( $\leq$ \$3,500)
- Small Purchases (**equal to or below** the agency's small purchase threshold)
- Formal Contracts (**above** the agency's small purchase threshold)
- FSMC Contracts
- Processing Contracts for USDA Foods
- Comments

# Why Can We Not Just Submit a Vendor Paid List?





# Step 3:

## SFA Submits Documents to CDE

- By due date listed in e-mail notifying SFA of scheduled review to [NSDprocurementreview@cde.ca.gov](mailto:NSDprocurementreview@cde.ca.gov):
  1. Cooperative or group purchasing agreements, if applicable.
  2. SFA Procurement Table
  3. Vendor Paid List (summary of expenditures) for prior school year
  4. Code of conduct\*
  5. Procurement procedures\*



\*For guidance on these written documents, visit the resource section of the CDE Procurement in Child Nutrition Programs (CNP) Web page at <http://www.cde.ca.gov/ls/nu/pr/>

# Vendor Paid List

- Report from the SFA accounting system that identifies all vendors paid from the nonprofit food service account and summarizes the total amount paid to each vendor for the period of review.

SY	Vendor	Total
2016	AMERICAN INDUSTRIES	\$235.99
2016	KITCHEN OUTLET	\$5,000.00
2016	POPPY FIELDS	\$1,030.00
2016	HEARTH FRIENDS INC.	\$2,316.39
2016	HARDIN & SONS INC	\$2,017.48
2016	ALEX L. RILEY	\$20.00
2016	CADEN MASSIMO CONSULTING	\$130.88
2016	REVOLVING CASH	\$425.00
2016	FOOD MANAGEMENT INTERNATIONAL	\$487,524.66
2016	PLACER COUNTY OFFICE OF ED.	\$669.58
2016	STATE BOARD OF EQUALIZATION	\$200.00
2016	COMPUTER DEPOT	\$2,545.19
2016	BANK OF THE SOUTHWEST PMT SYSTEMS	\$754.19
2016	KEITHNY HIGH SCHOOL	\$37,513.20

Previous SY

Vendor

List of all applicable vendors

Total paid to each vendor (not per invoice)

\* To access the Vendor Paid List Instructions, download Form PRU 02, Vendor Paid List Instructions, in the Download Forms section of CNIPS or visit the CDE Procurement in CNPs Web page at <http://www.cde.ca.gov/ls/nu/pr/>

# Vendor Paid List: Do's and Don'ts

## Do

- Include transactions from the **previous school year**
- List the **cumulative** (total) amount spent per vendor
- Provide **only vendors paid** in full or partially from the nonprofit food service account

## Don't

- Include transactions from the **current school year**
- List the amount spent **per invoice**
- Include vendors **not paid** from the nonprofit food service account
- Provide Intergovernmental Agreements\* (contracts between SFAs)

\*Exempt from competitive procurement

# Phase 2: Review

Steps 4–6

# Step 4: CDE Selects Procurements

- Cross-checks procurements listed in Tool with Vendor Paid List to ensure all procurements are documented
- Selects which procurements to review
- Prioritizes based on set criteria including:
  - Only one response received to solicitation
  - Group purchasing/buying or third-party contracts
  - Highest-priced contracts
  - Procurements that exceeded threshold (e.g. micropurchase method used for \$4,000 procurement)

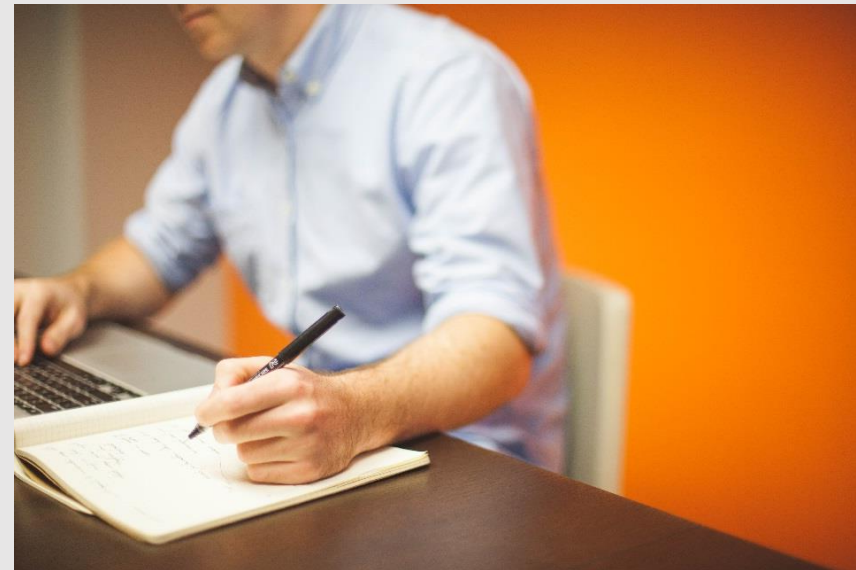


# Step 5: CDE Requests/SFA Submits Documents

- Requested documentation may include:
  - Purchase orders
  - Receipts and invoices
  - Solicitation documents—specifications, evaluation criteria, contract terms and conditions, etc.
  - Bidder responses
  - Contracts—executed, amended, renewal, etc.
  - Cost/price analysis documentation
  - Reconciliation of discounts, rebates, and credits

# Step 6: CDE Conducts Off-site Review

- General procurement: Code of conduct and procurement procedures
- Micropurchases
- Small purchases
- Formal procurements
- FSMC contracts
- Processing contracts



\* For a list of review questions in the Tool, visit the CDE Procurement in CNPs Web page at <http://www.cde.ca.gov/ls/nu/pr/>

# Phase 3: Closing

Steps 7–9



# Step 7: CDE Provides Report to SFA

- Upon completion of the review, the CDE will notify SFA of results
  - **No findings:** CDE closes review
  - **Findings:** CDE provides technical assistance and/or assigns corrective action
- More serious findings may result in:
  - Rebidding the contract
  - Placing a hold on reimbursement
  - Other appropriate action determined by the CDE



# Step 8: SFA Submits CAD



The SFA submits CAD to the CDE within 30 days of the CAD being issued.

# Step 9: Review Closed



# Nonresponsive SFAs

- The CDE will work diligently with SFAs to complete the review.
- In cases where the SFA is nonresponsive, the CDE may:
  - Withhold reimbursement
  - Remove from status of Good Standing
  - Take other appropriate action determined by the CDE



# Resources

- The USDA Food and Nutrition Service School Meals Policy Web page at <https://www.fns.usda.gov/school-meals/policy> (see Policy Memo SP-39-2017, Local Agency Procurement Review for SFAs)
- The CDE Procurement in CNPs Web page at <http://www.cde.ca.gov/ls/nu/pr/>
- The Institute of Child Nutrition Procurement in the 21<sup>st</sup> Century Web page at <http://theicn.org/ResourceOverview.aspx?ID=475>
- Title 2, *Code of Federal Regulations (CFR)*, Part 200 on the Electronic CFR Web page at [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

# Professional Standards

## Crediting Information

- **Key Area:** Operations (2000) or Administration (3000)
  - **Training Topic:** Purchasing (2400) or Program Management (3200)
    - **Learning Objective:** Purchasing food, supplies, and equipment in compliance with federal, state, and local procurement regulations (2430) or Prepare for yearly administrative review (3260)
- **Total Instructional Time = 1.0 hours**

# Contact Information

Procurement Resources Unit

[NSDprocurementreview@cde.ca.gov](mailto:NSDprocurementreview@cde.ca.gov)

916-324-7131

Web | <http://www.cde.ca.gov/ls/nu/>

Twitter | [@CDENutrition](https://twitter.com/CDENutrition)

YouTube | [www.youtube.com/user/cdenutrition](http://www.youtube.com/user/cdenutrition)

This institution is an equal opportunity provider.



# School Year 2017–18 Local Agency Procurement Review

## Instructions

### Summary

The U.S. Department of Agriculture (USDA) requires the California Department of Education (CDE) to monitor the procurement processes conducted by school food authorities (SFA) compliance with state and federal regulations and policies. The procurement of goods and services must be conducted in a way to ensure full and open competition per Title 2, *Code of Federal Regulations* (2 *CFR*), Section 200.319(a).

The procurement of goods and services is a significant responsibility of an SFA. Obtaining the most economical purchase price for the products or services needed must be considered when using federal funds. Federal, state, and local laws and regulations specify the procurement methods, terms and conditions SFAs must follow to competitively procure goods and services, award contracts, and oversee contractor performance per 2 *CFR*, Section 200.318(b). The CDE is required to ensure that SFAs comply with the applicable provisions through audits, reviews, technical assistance, training guidance materials, and by other means per Title 7, *Code of Federal Regulations*(7 *CFR*), Section 210.19(a)(3).

The SFA must submit the documents listed below to the CDE by the due date in the e-mail notifying the SFA that they are scheduled for an off-site procurement review. These documents will assist the CDE in monitoring the SFA's compliance with procurement requirements as set by federal regulations in 2 *CFR*, Part 200 and 7 *CFR*, Section 210.21(c).

### Review Documents

1. SFA Procurement Table
2. School Year (SY) 2016–17 **Vendor Paid List**(VPL) or summary of expenditures, which is a report from the SFA's accounting system of total expenditures by vendor
3. Cooperative or group purchasing agreements, if applicable
4. SFA code of conduct\*
5. SFA procurement procedures\*

\*For guidance on developing these written documents, access the Code of Conduct and Procurement Procedures Checklist on the CDE Procurement in Child Nutrition Programs Web page at <http://www.cde.ca.gov/ls/nu/pr/>. This Web page also includes guidance on the Buy American Provision.

SFAs must e-mail these documents to the CDE procurement review e-mail address at [NSDprocurementreview@cde.ca.gov](mailto:NSDprocurementreview@cde.ca.gov) by the due date listed in the e-mail notifying SFAs that they are scheduled for a procurement review.

### Procurement Documents

The CDE will request information from the SFA at two different points in time. This first request for documentation will occur after the CDE has identified the SFAs that will receive procurement reviews. This request will include a request for the documents listed above. After receiving these documents, the CDE will select a sample of procurements to review. Based on the procurements (i.e., contracts) selected for review, the



CDE will make a second request for procurement documents from the SFA for the purposes of the procurement review. The SFA should only submit documents related to the procurement/contract(s) the CDE selected for further review. These documents may include:

### **Micropurchases**

- Purchase orders issued
- Receipts and invoices

### **Small Purchases**

- Solicitation documents (including specifications and evaluation criteria)
- Evaluation of responses for award
- Bid quotes and responses
- Purchase orders
- Receipts and invoices

### **Formal Contracts**

- Solicitation documents (including specifications, evaluation criteria, contract terms and conditions, etc.)
- Cost or price analysis documentation
- Bidder/offeror responses
- Noncompetitive proposal authorization, if applicable
- Evaluation of responses for contract award
- Invoices (a minimum of three vendor invoices identifying goods and services procured and the amount paid)
- Contract renewals, addendums, and amendments, if applicable

### **Food Service Management Company Contracts**

- **Base Year:**
  - Notification to vendors of rejected bids/offers, if applicable
  - Food service management company (FSMC) invoices (minimum of three)
  - USDA Foods credits total for prior year
  - Reconciliation of discounts, rebates, and credits, if applicable
- **Renewal Year:**
  - FSMC invoices
  - Reconciliation for USDA Foods for SY 2016–17
  - Reconciliation of discounts, rebates, and credits, if applicable

### **Processing Contracts for USDA Foods**

- SFA solicitation documents, vendor bids and responses, evaluation for contract award and executed contracts for selected vendors
- Contract renewals, addendums, and amendments, if applicable
- Reconciliation of USDA Foods received, if applicable

For questions on this subject, you can contact the Procurement Resources Unit by e-mail at [NSDprocurementreview@cde.ca.gov](mailto:NSDprocurementreview@cde.ca.gov) or by phone at 916-319-0369 or 800-952-5609, Option 2. Visit the CDE Procurement in Child Nutrition Programs Web page at <http://www.cde.ca.gov/ls/nu/pr/> for a list of review questions, steps in the procurement review process, and additional guidance.