




Solving the Procurement Puzzle

Tools & Tips from SNA to Help Improve
Procurement
Practices

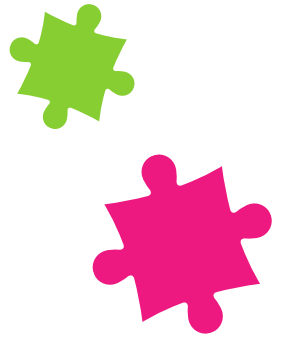



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Procurement Do's and Don'ts from SNA For Industry and Operators






Solving the Procurement Puzzle

Tools & Tips from SNA to Help Improve Procurement Practices

Procurement Dos and Don'ts for Operators

Recommendations for a fair, open and competitive procurement



DOs

For Operators:

DO...Understand the Fundamental Principles of Ethical Procurement
 There are three basic principles in K-12 school nutrition procurement—it must be fair, open and competitive. The details to support these principles can be found in federal law, specifically in Title 2 of the Code of Federal Regulations, Section 200. This is an easily understood section of law and key decision-makers should make a point to read it.

DO...Have a Written Code of Conduct and/or Ethics
 One of the most essential elements of any K-12 school nutrition operation is a clearly written set of policies regarding what is and is not acceptable in procurement procedures. Such policies are required by federal law, and they comprise a code of ethics or conduct designed to ensure that everyone involved in purchasing understands their individual responsibilities and expectations. This encompasses staff members who solicit and award contracts, those who buy goods and services, team members who oversee ordering and receiving and so on. Each employee should acknowledge receipt, in writing, of a copy of the Code and any updates, so that if a breach of ethics does occur, there is clear evidence of employee awareness of the district and department's policies. Ignorance will not be accepted as an excuse.

DO...Have Written Procurement Procedures
 School food authorities (SFAs) are required by law to have written procurement procedures covering all types of purchasing. Federal law


allows for five different methods of school nutrition procurement:

- micro-purchasing (<\$3,500);
- informal/small procurements (<\$150,000 in federal law, although state or local limits may be less);
- invitation for Bids (also known as formal bidding);
- competitive proposals (more popularly referred to as RFPs); and
- non-competitive contracts (also known as sole-source contracting).

The written procurement procedures should state the specific circumstances (when and how) each of these approaches may be used in the SFA.

DO...Think Before You Act
 All procurement activities and interactions with vendors should be *intentional and thoughtfully considered*. Since school meal programs primarily use public funds—federal, state and local—the standards for behavior are even higher than for non-public entities. Often, the mere appearance of wrongdoing carries as much, if not more, weight than actually breaking the law. To avoid the perception of an ethical breach, always be mindful about how your actions would be viewed by an outsider.

An additional fourth tenet to the three fundamentals of procurement (fair, open and competitive) is that it should be transparent. All activities related to purchasing must be able to withstand public scrutiny, and all documentation related to a purchase decision should be readily accessible for such scrutiny. The law allows vendors and buyers to shield proprietary information, but these are limited situations. Price, for example, is not considered protected, proprietary information.



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Procurement Dos and Don'ts for Industry & Vendors

Recommendations for a fair, open and competitive procurement



DOs

For Industry:

DO...Understand the Laws Governing School Procurement
 The K-12 school foodservice segment has so many complex federal, state and local regulations and policies, it's common for vendors to rely on their school customer to take the lead in compliance. But just as vendors strive to be of service to their K-12 customers by being familiar with menu planning, nutrition and food safety requirements, procurement law is no less important to understand. Knowing federal requirements in this area, which are easily accessible and understandable, allows you to support your customer by ensuring that all of your interactions comport with the law.

DO...Have a Written Code of Conduct/Ethics
 One of the easiest and most effective ways to navigate the world of procurement ethics is to have a written Code that everyone on the team knows, understands and follows. Company policy for acceptable behavior helps eliminate the gray areas of personal interpretation. A formal Code also can allow you to deflect certain customer requests that push the limits of acceptability without alienating that customer by your refusal. For example, if a customer asks you to provide gift cards as prizes for a staff event, your sales rep can decline and point to the company's policy prohibiting such action, instead of being seen as arbitrary or unhelpful.

Written codes can and should include detailed expectations. What is a reasonable price to pay for a meal? Does the company allow the distribution of gift cards or prizes? Is there one set of guidelines for individuals and a different one for your support of associations (national, state affiliates and local chapters)? What latitude is

given to each sales rep in making such decisions? Any area that could create an ethical dilemma or the perception of wrongdoing should be included in the policy. SNA can provide a sample policy that vendors can adapt.

DO...Act in a Professional, Ethical Manner
 Every individual interacting with school foodservice customers should behave in ways that are completely above reproach and cannot be misconstrued or misinterpreted. The K-12 segment is, if not unique, quite different than most other foodservice segments. In general, it is more friendly and collegial, which can lead to relationships and activities that are more personal. Nonetheless, these are business relationships and that awareness should guide your interactions.

DO...Be Honest in All Your Dealings
 School nutrition veterans can cite many examples of unethical behaviors among vendors, from mispricing to "salting" samples to misrepresenting information about products. Don't ever put yourself in a position of being perceived as a representative of your company who is less than honest and ethical.

DO...Consider a "Reasonableness" Test When Planning Booth Prizes
 It is common for exhibitors to offer a variety of incentives and prizes at food shows. But giveaways should be for the benefit of the program, not the individual. The value of such prizes and incentives should be proportional to the business expectation.





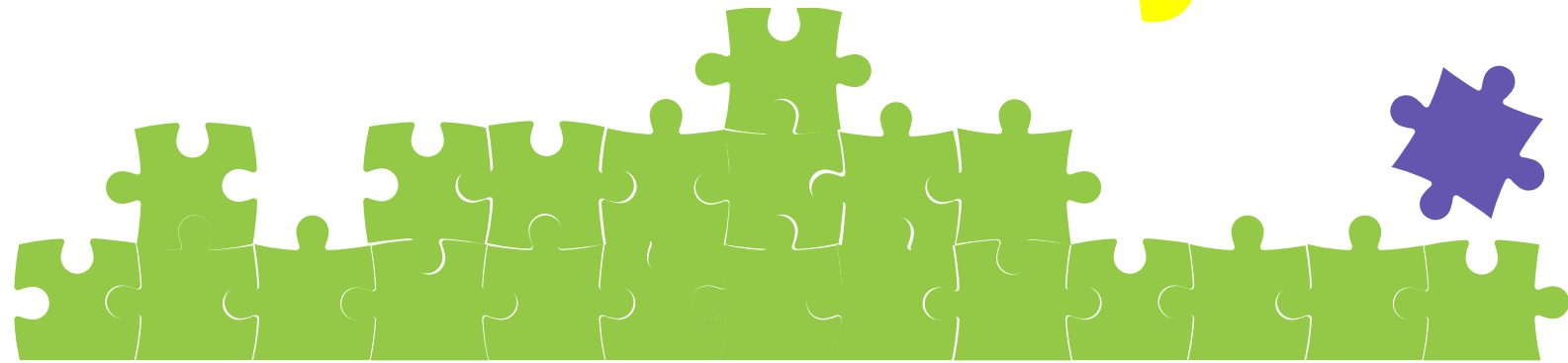
Procurement Dos and Don'ts

Recommendations for a fair, open and competitive procurement



Dos For Operators

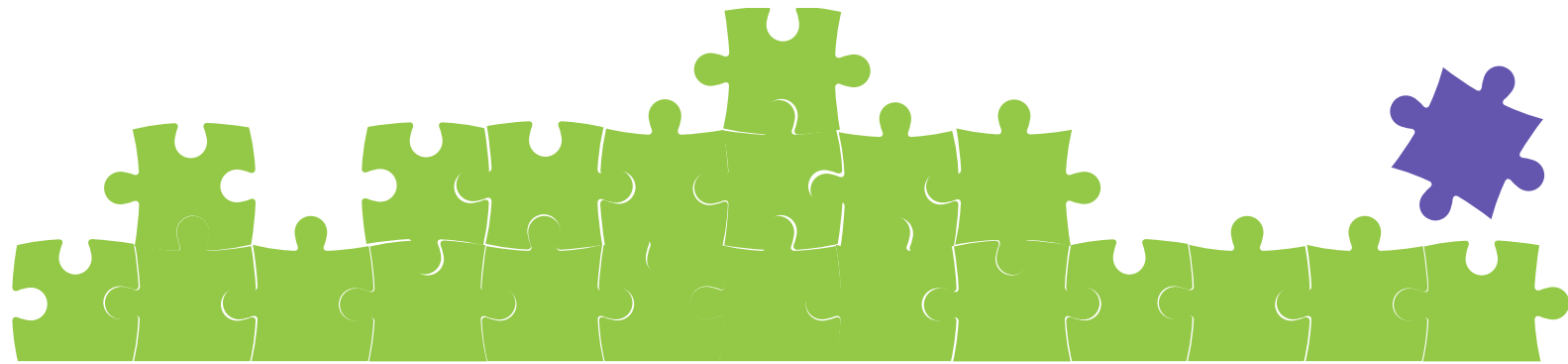
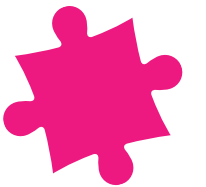
Dos For Industry



DO...



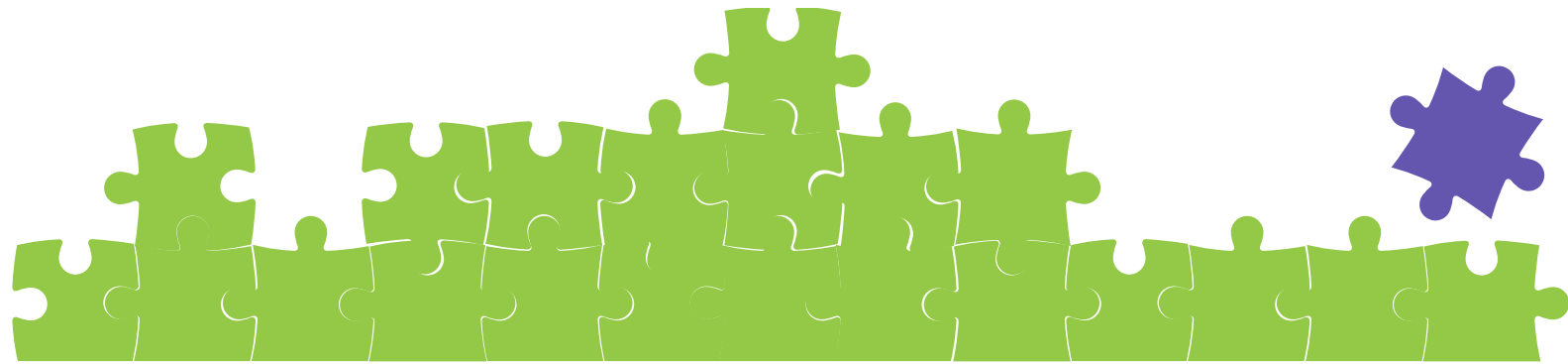
*Understand the Laws Governing
School Procurement*



DO...



Understand the Fundamental Principles of Ethical Procurement





3 Basic Principles:

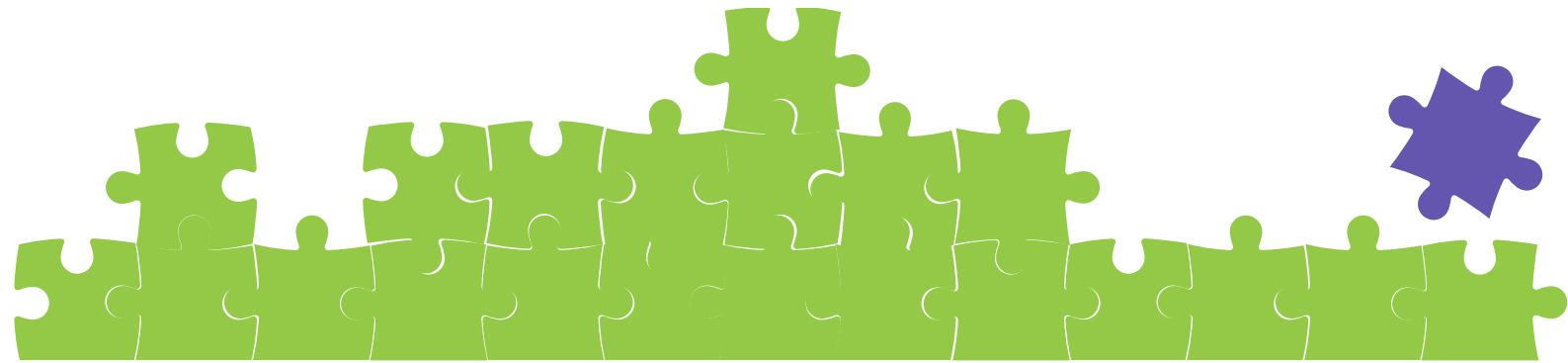
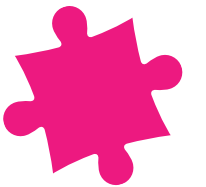
- **Fair**
- **Open**
- **Competitive**



DO...



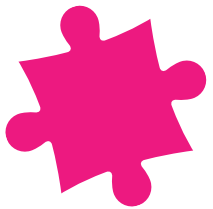
Have a Written Code of Conduct and/or Ethics





Code of Ethics

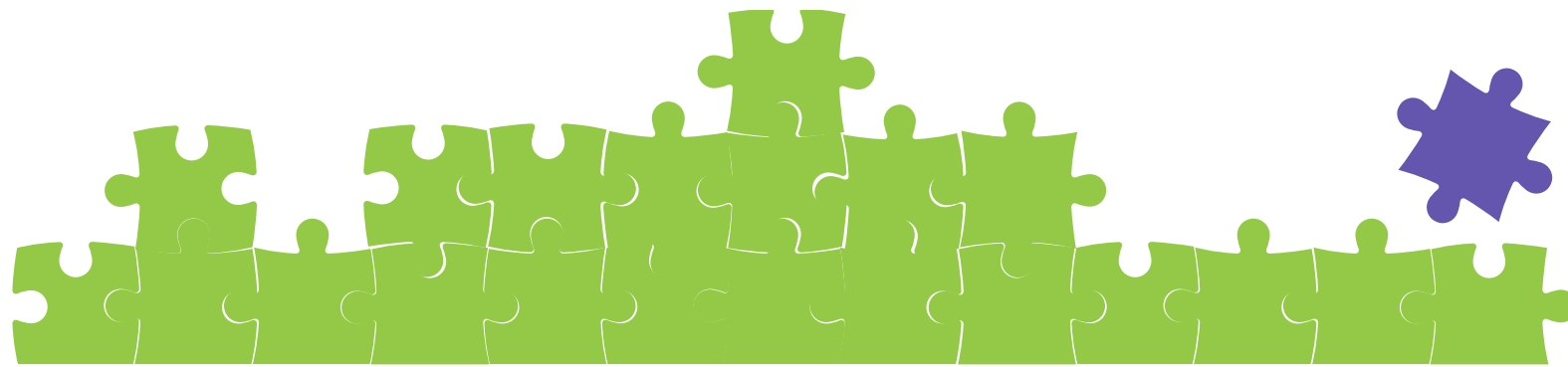
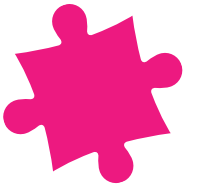
- **A reasonable price to pay for a meal**
- **Allowance of distribution of gift cards or prizes**
- **Differentiation of guidelines for individuals, and support of associations**



DO...



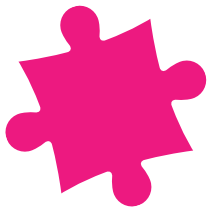
Have Written Procurement Procedures





5 Methods

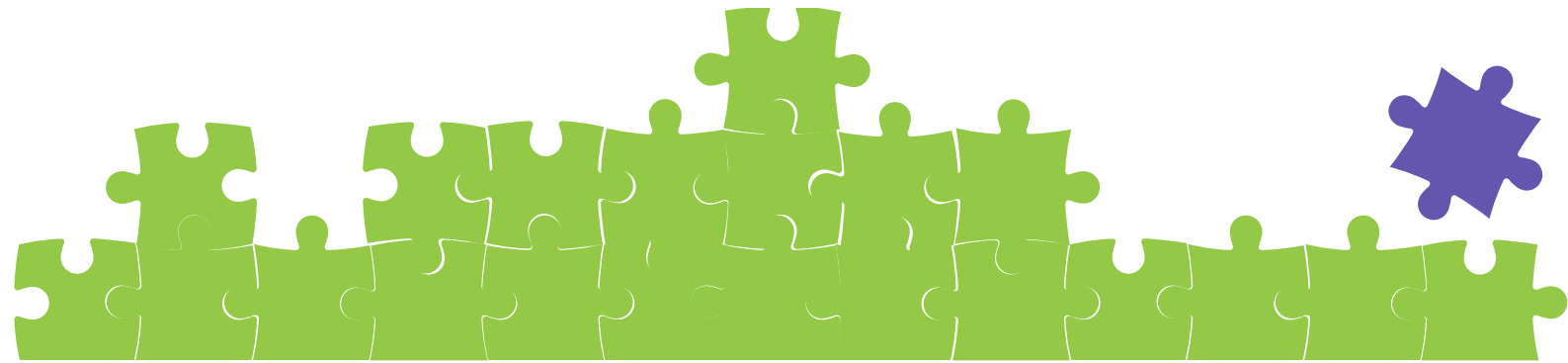
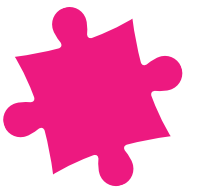
- 1. Micro-Purchasing**
- 2. Informal/Small Procurement**
- 3. Invitation for Bids**
- 4. Competitive Proposals (RFPs)**
- 5. Non-Competitive Contracts**



DO...



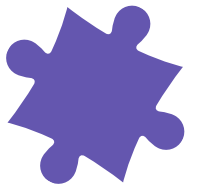
Think Before You Act





Transparency

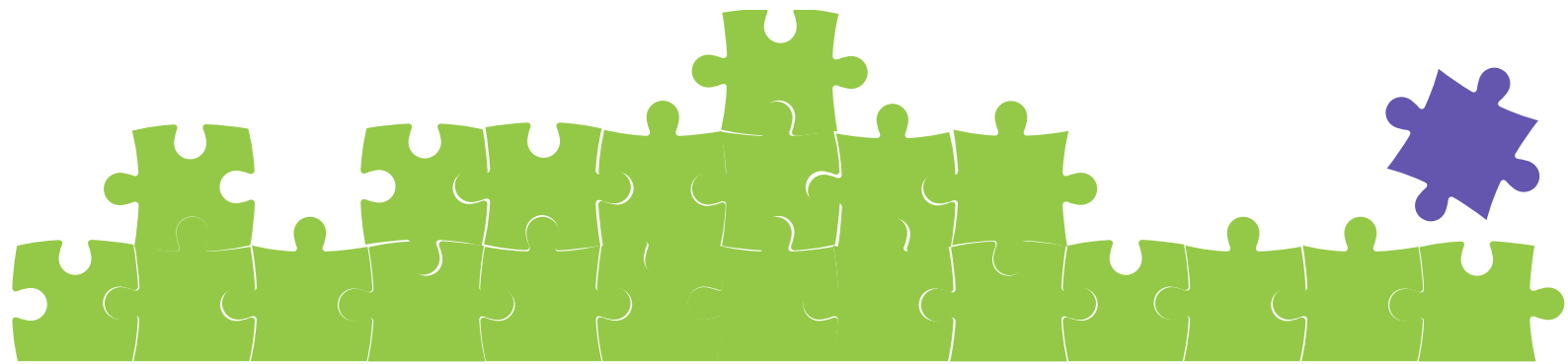
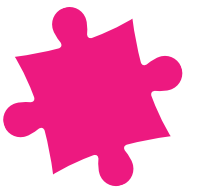
- **Withstand public scrutiny**
- **Purchase Decision Documentation should be readily accessible**
- **Price is not protected**



DO...



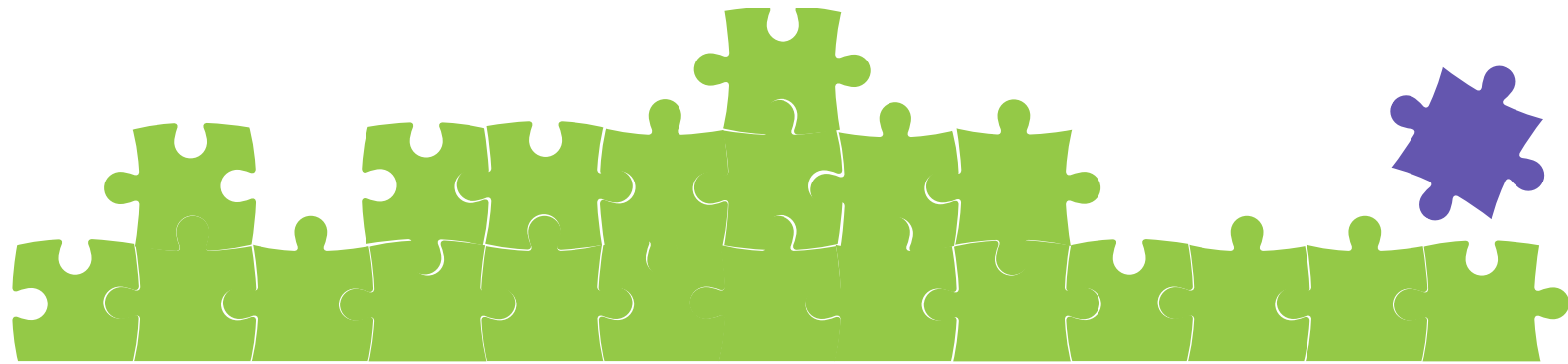
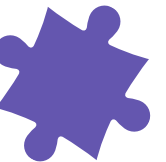
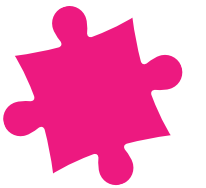
Be Honest in All Your Dealings



DO...



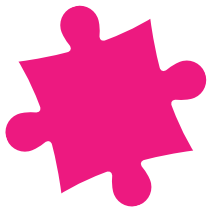
*Always Use One of the
Approved Procurement
Methods*





Special Purchase

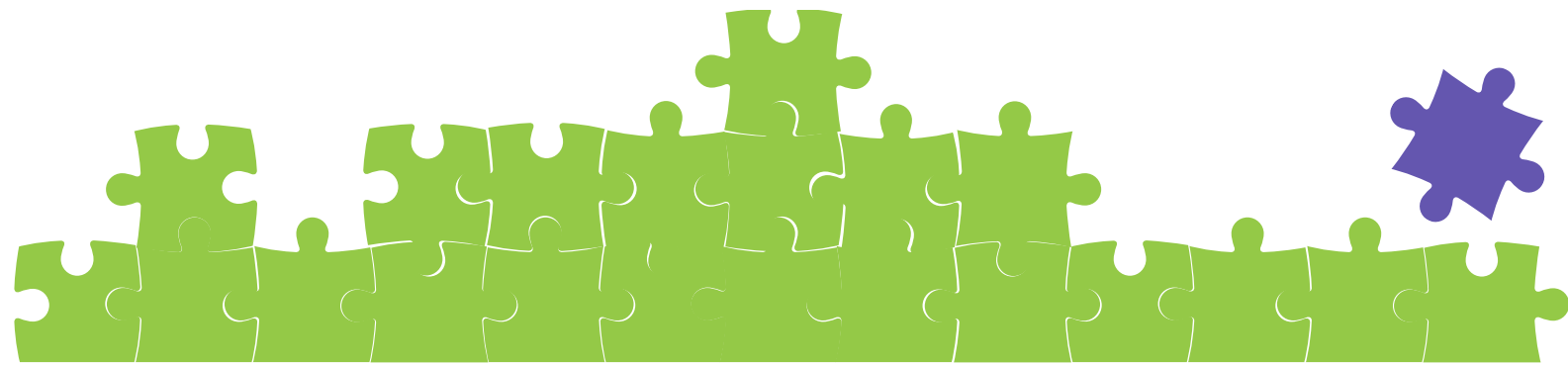
- **Does it fall within the micro-purchasing guidelines (<\$3,500)?**
- **All “sole source” contracts require pre-approval by your state agency**



DO...



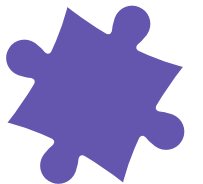
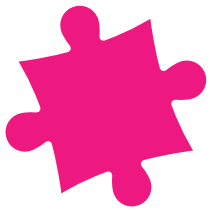
***Make Each Procurement
Unique***





Reassess all aspects of your requirements

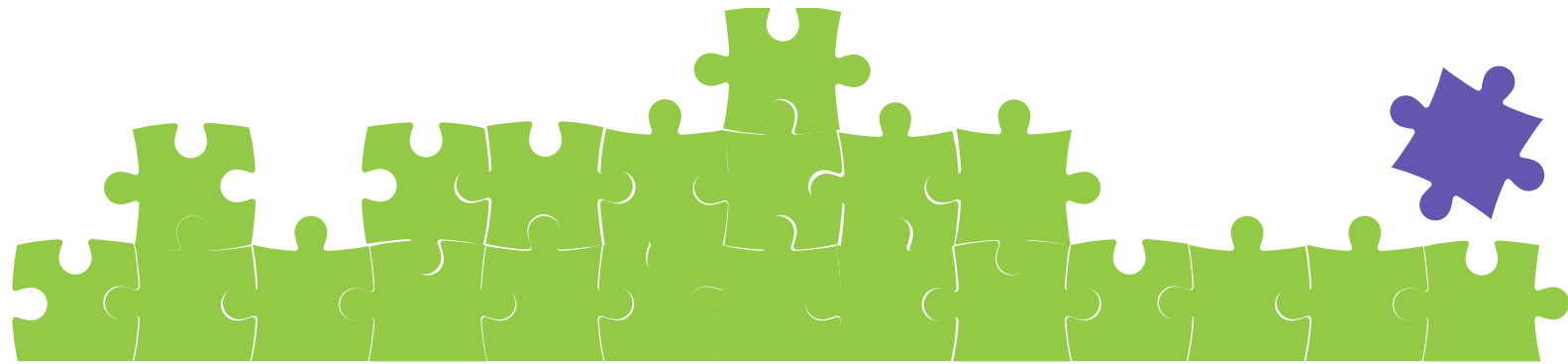
- **Go beyond the list of goods**
- **Review the specific terms and conditions**



DO...



Forecast Your Needs





Write an effective solicitation

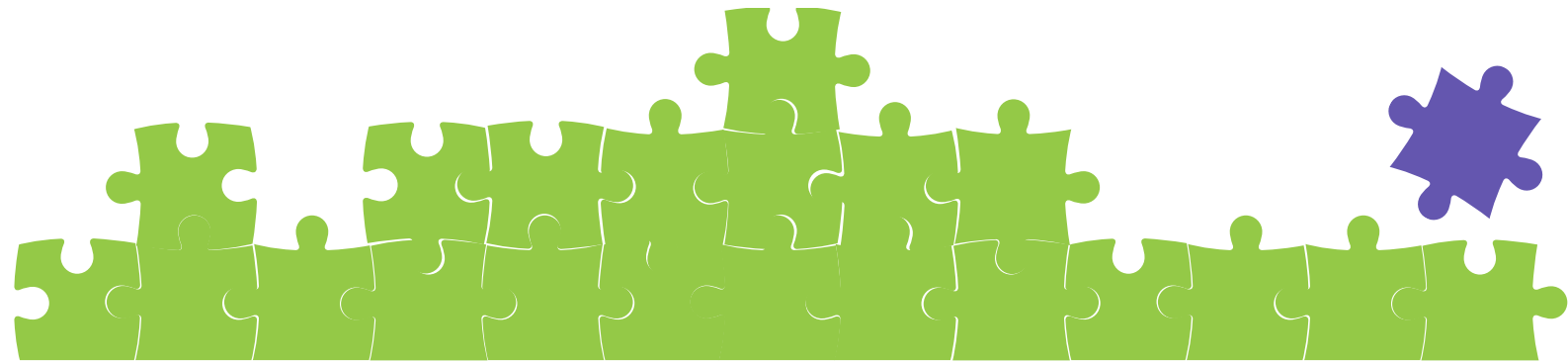
- **Review different metrics to project participation**
- **Guarantee a minimum purchase quantity for each item**



DO...



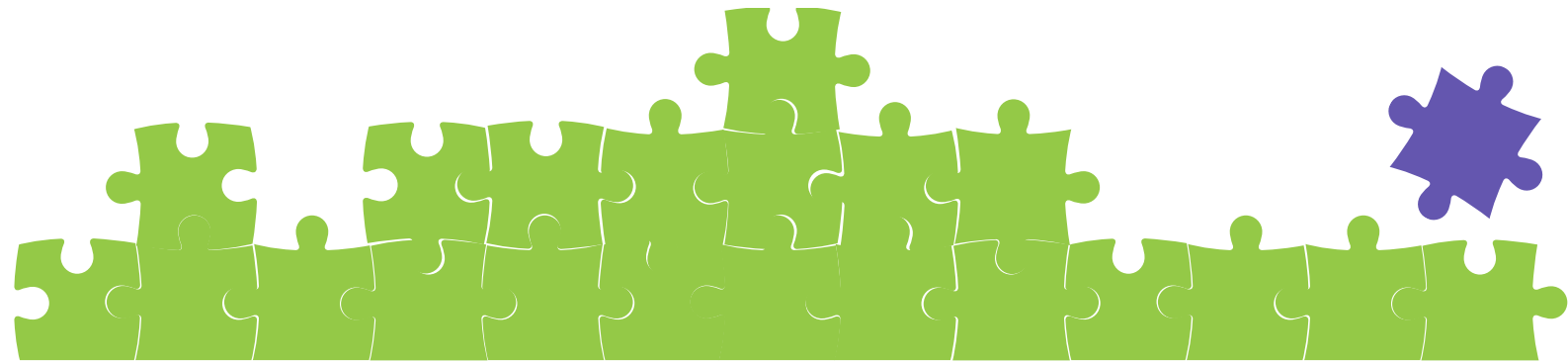
*Honor Your Contracts
and Commitments*



DO...



Include Any and All Expectations in the Solicitation





Include in the solicitation

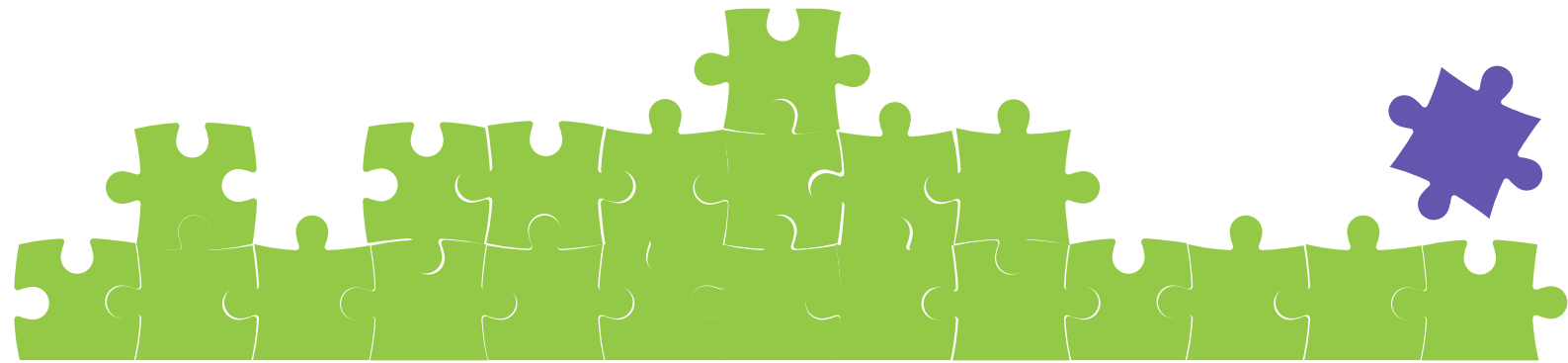
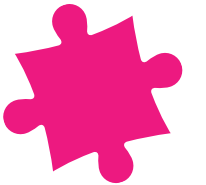
- **Special Discounts**
- **Marketing Programs**
- **Consider RFP's**



DON'T...



***Poach Your Competitors'
Business***

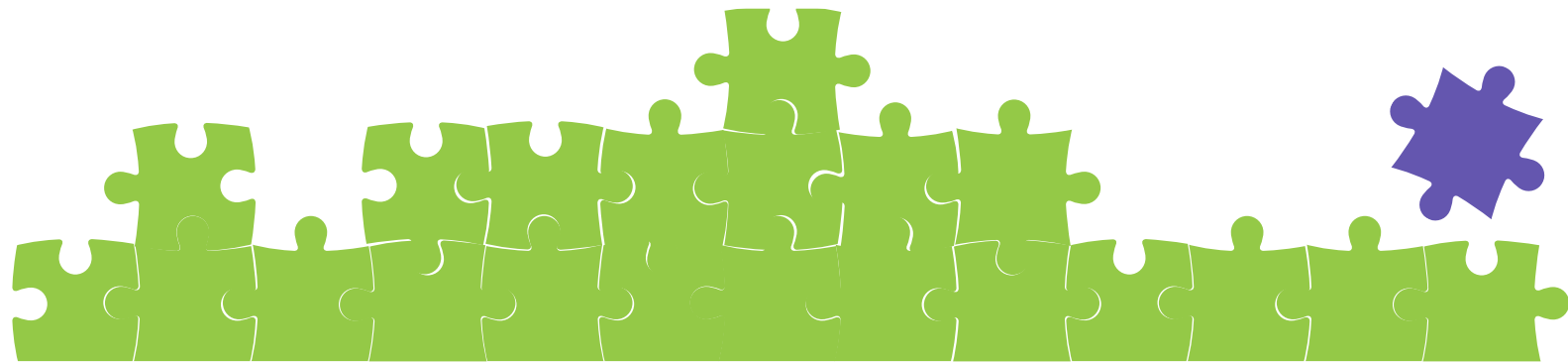




DON'T...



Do Anything You'd Be Embarrassed to read in the Local Paper



DON'T...



*Accept Gifts Above the Limit
Established in Your Code of
Conduct and/or Ethics*



Gifts are defined as

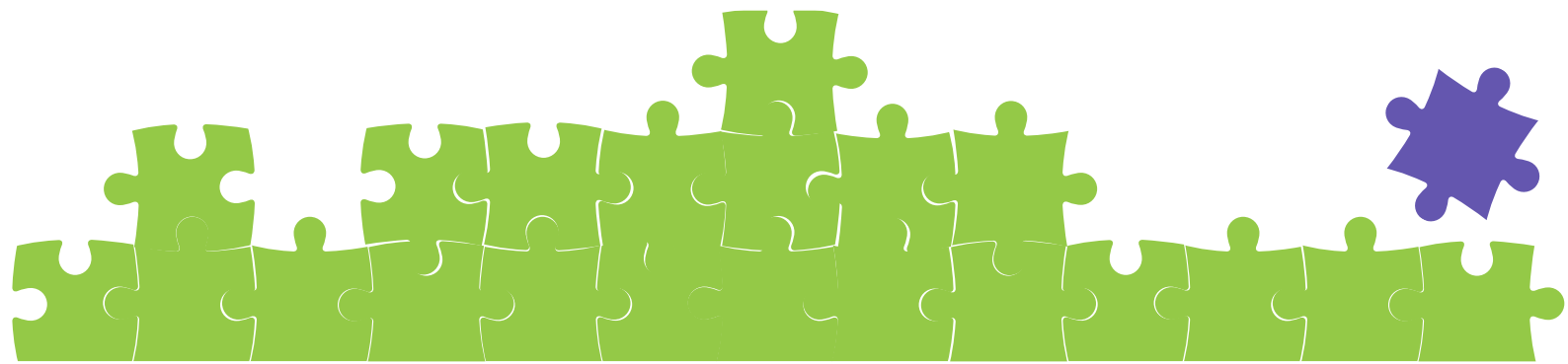
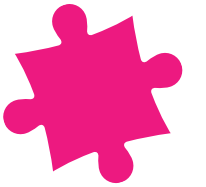
- **Merchandise**
 - **Trips**
 - **Meals**
- (less than SFA acceptable limit)**



DON'T...



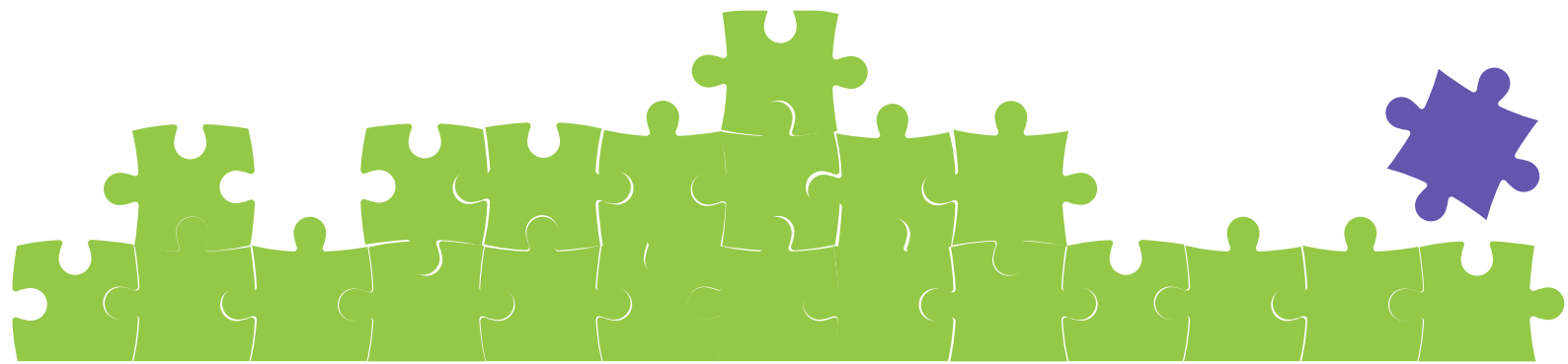
Solicit Gifts or Donations



DON'T...



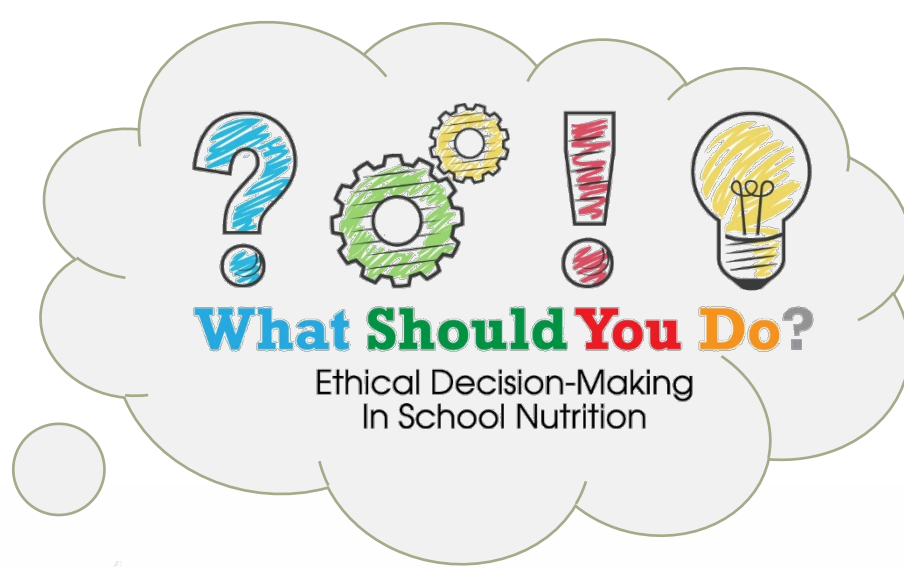
*Accept "Prizes" That Are for
Personal Use*



Q&A!



SNA's NEW Online Ethics Module is NOW Available!



For More Information:

<http://schoolnutrition.org/ethics>

