

# Uniform Grant Guidance and Procurement in Food Service

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## School Nutrition Program Fundamentals

- Schools participating in School Nutrition Programs receive federal and state funds.
  - Federal regulations
    - Government-wide (2 CFR Part 200)
      - Cost principles (allowable/unallowable costs)
      - Procurement
    - Program specific (7 CFR 210, 220, 3016, 3019, etc.)
      - Eligibility
      - Meal requirements
      - Food service account
      - Procurement
      - Allowable/Unallowable costs
    - [www.ecfr.gov](http://www.ecfr.gov)
  - Pennsylvania School Code
    - Applies to all public schools
    - Sections apply to school meal programs
      - Reimbursement
      - Procurement



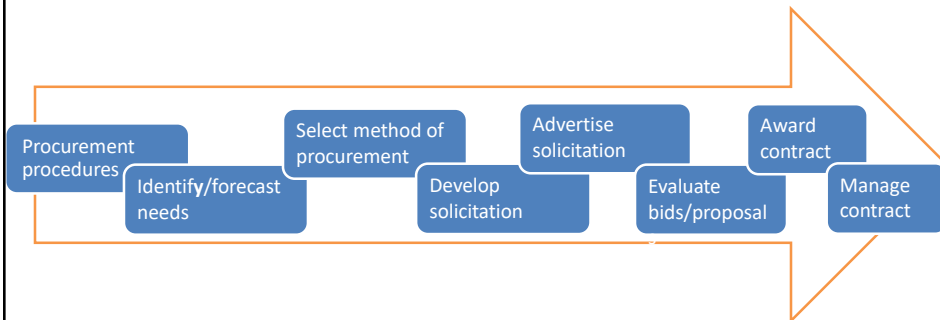
## Procurement

- Procurement is the act of obtaining goods or services in exchange for money or value.
- As recipients of federal dollars, all schools are expected to procure goods and services in the proper manner.
- All procurement, regardless of the dollar amount, must provide for full and open competition.
- All procurement must adhere to federal requirements. In addition, when state requirements are stricter, they must be followed too.



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## Procurement Process



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## Procurement Chart

| Procurement Thresholds |                        |                          |                          |  |   |                |
|------------------------|------------------------|--------------------------|--------------------------|--|---|----------------|
| Threshold              | <\$3,500<br><b>NEW</b> | ≥\$3,500 -<br><\$10,700* | ≥\$10,700*<br><\$19,700* | ≥\$19,700*<br><\$150,000<br><i>Perishable/Services</i> | ≥\$19,700* -<br><\$150,000<br><i>Non-perishable</i> | ≥\$150,000     |
| Procurement Method     | Micro-purchase         | Informal                 | Informal                 | Informal   | Formal  | Formal         |
| Citation               | 2 CFR Part 200         | 2 CFR Part 200           | 24 PS 8.807.1            | 24 PS 5.504 (d)  | 24 PS 8.807.1                                       | 2 CFR Part 200 |
| Source                 | Federal                | Federal                  | State                    | State  | State   | Federal        |

\*adjusted annually by CPI Index (not to exceed 3%) 24 PS 1-120



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## Procurement Chart

| Purchase of <b>PERISHABLE</b> Products/Services |                     |                          |
|---|---------------------|--------------------------|
| Amount  | Type of Procurement | Procedure                |
| < \$3,500                                       | Micro-purchase      | Non-competitive          |
| ≥ \$3,500 – < \$150,000                         | Informal            | 3 quotes                 |
| \$150,000 or more                               | Formal              | Sealed bids (IFB or RFP) |
| Purchase of <b>NON-PERISHABLE*</b> Products     |                     |                          |
| Amount  | Type of Procurement | Procedure                |
| < \$3,500                                       | Micro-purchase      | Non-competitive          |
| ≥ \$3,500 – < \$19,700                          | Informal            | 3 quotes                 |
| \$19,700 or more                                | Formal              | Sealed bids (IFB or RFP) |

**\*NON-PERISHABLE** – Canned goods, dry goods, supplies, equipment, etc.  
Equipment ≥\$5,000 must have prior approval from DFN .



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## Types of Procurement

- The type of procurement is determined by the dollar threshold:
  - Micro-purchase;
  - Informal procurement; and
  - Formal procurement.



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## **NEW** Micro-Purchase Threshold **NEW**

- Micro-purchase procurement is the acquisition of goods or services, where the aggregate dollar amount by transaction does not exceed \$3,500.
- To the extent practical, purchases utilizing the micro-purchase threshold should be distributed equitably among qualified suppliers.
- This method of procurement is to be used for one time or emergency purchases.



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## Informal Procurement

- Specifications/product description provides enough detail for vendor to respond adequately.
- Telephone or written quotations from three qualified and responsible vendors:
  - Date of quote
  - Name of vendor and representative
  - Description of item being quoted
  - Quantity
  - Price of item
  - Date item needed
- If less than three vendors exist to provide the product or service, thoroughly document how this determination was made, such as research conducted to reach this conclusion, etc.
- The lowest responsible bidder is awarded the contract (2CFR 200.318(h)).
- Retain all documentation for three years plus the current school year.



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## Formal Procurement

- Two methods
  - Invitation for Bid (IFB)
  - Request for Proposal (RFP)
    - Required for Food Service Management Company contracts



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## Invitation for Bid (IFB)

- Typically used to procure a product/good, not a service.
- Product/good can be adequately identified with complete specifications (dimensions, grade, quality, pack size, etc.).
- Specifications should be specific enough to obtain the quality of product desired, but not overly restrictive. Cannot specify a brand name unless an “equal” product is also permitted.
- Awarded to responsive bidder based solely on cost.
- Also known as “sealed bid.”
- Factors such as discounts, transportation costs, and life cycle costs can be determined in lowest cost if these factors were specified in the IFB.
- Bids are opened publically at the date and time specified in the IFB.
- Results in a fixed price contract (lump sum or unit price).



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## Request for Proposal (RFP)

- Typically used to procure a qualitative service.
- Statement of work includes sufficient detail.
- Cost is a major consideration of the award (primary factor), but not the sole factor.
- Experience, past performance, approach, financial and technical resources, etc. are considered in the award through scoring.
- Evaluation method, evaluation factors and their importance are identified (e.g., point scale, scoring matrix, etc.).
- Results in a fixed price or cost-reimbursable contract.



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## Non-competitive Procurement

- Sole source contracts
  - Permitted in very limited situations:
    - Product/good/service is only available from single source;
    - After solicitation, competition is determined inadequate.
- Emergency waivers
  - Emergency situation does not provide time for competitive procurement.
  - Approval for emergency waiver for FSMC contracts must be obtained from DFN.
- Cost analysis is still required to determine if the vendor's cost is reasonable.
- Documentation must be retained to support need for non-competitive procurement and cost analysis.



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## Non-Competitive Procurement

- Intergovernmental agreements
  - Foster greater economy and efficiency when using common goods and services (2CFR.318(e)).
  - Original procurement must be conducted in accordance with all required procurement standards.
  - Example: PDE 3086 Agreements to purchase meals from another Child Nutrition Program sponsor (not applicable for Food Service Management Company contracts).
  - Example: Purchases between county-based entities within the same county.
  - Piggybacking into a contract is permitted as long as the solicitation document identified the parties involved or to be involved in future (can't be open ended).
  - Cost analysis is still required to determine if the vendor's cost is reasonable.



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## Procurement Helpful Hints

- Screening Products

- Institute of Child Nutrition

- Procurement in the 21<sup>st</sup> Century

[www.nfsmi.org/ResourceOverview.aspx?ID=475](http://www.nfsmi.org/ResourceOverview.aspx?ID=475)

“Screening the Products”

“Some schools may find that their customers prefer certain brands which increases the number of meals served. The purpose of conducting a screening is to provide a list of preapproved, equal product brands in the solicitation document. The procurement procedures must ensure maximum free and open competition.”



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## Procurement Helpful Hints

- Multi-year Contracts

- Break out products by type

- Example: condiments, paper products

- Escalation and de-escalation clauses included for renewal years. Must be tied to an index.



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## Questions

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## Contact Information

### Cecilia Beauduy

Procurement & Resource Management Manager

Bureau of Budget & Fiscal Management

Division of Food and Nutrition

333 Market Street, 4<sup>th</sup> Floor

Harrisburg, PA 17126-0333

[cbeauduy@pa.gov](mailto:cbeauduy@pa.gov)



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