**Date:** July 18, 2018

**To:** School Food Authorities

**From:** Scott Clements, Director

Office of Child Nutrition

**Subject:** Updated Sample Procurement Plan

Enclosed is a sample Procurement Plan with updated thresholds for your use in the adoption of a plan for your district’s compliance with federal and state purchasing laws.

1. The Procurement Plan should be reviewed annually to determine whether any updates are necessary.

1. There are different thresholds and procedures under Federal and State law. School Food Authorities (SFAs) should always follow the most restrictive guideline. Each SFA may choose to impose stricter requirements than the federal or state requirements (for example, an SFA could require quotes for all purchases, even those under $3,500.00).
2. For purchases of **services** or **commodities** (including perishable food and supplies), the following thresholds are applicable\* (unless the SFA chooses more restrictive thresholds/procedures):
   1. Up to $3,499.99 – Micropurchasing
   2. $3,500.00 - $50,000.00 – Small Purchase Procedures (quotes)
   3. $50,000.01+ -- Formal Purchasing Procedures (RFP, Sealed Bids)

\*Services and perishable food and supplies are exempt from state purchasing procedures. However, the Office of Child Nutrition strongly recommends utilizing the state threshold requiring formal purchasing procedures for all purchases exceeding $50,000.00. Further information about the federal threshold requiring formal purchasing procedures is available from OCN and the SFA’s procurement plan may be edited to utilize the federal threshold for services and/or perishable food/supplies if desired.   
Note: An alternate version of the Sample Procurement Plan (“ver. 1p”) is available for SFAs which need to utilize the higher federal thresholds for purchases of fresh produce due to the volatility of produce pricing.

1. Micropurchasing -- This method applies to the purchase of supplies or services when the aggregate dollar amount does not exceed $3,499.99. To the extent practicable, micro-purchases must be distributed equitably among qualified suppliers. These purchases may be awarded without soliciting competitive quotes if the entity considers the price reasonable.

Planned purchases cannot be split to avoid crossing the threshold. For example, if an SFA needs to purchase $4,000.00 worth of kitchen equipment, it would violate procurement rules to purchase $2,000.00 of equipment one day and repeat the purchase the following day. Quotes should be obtained instead (small purchase procedures).

1. Small purchase procedures -- School food authorities must obtain quotes from “an adequate number of qualified sources.”
2. Formal purchasing procedures – School food authorities must utilize Requests for Proposal, Sealed Bids, or similar methods. Reverse auction may be required; work with the District’s business officer to determine applicability and method. Construction contracts may have additional requirements (e.g. bonds) under state law.
3. More restrictive purchasing procedures may be utilized when desired. For example, a planned purchase falling under the micropurchase threshold could alternately be procured using small purchase procedures (quotes).
4. Procurement should be conducted in a manner that prohibits the use of local geographical preferences (except for minimally processed, locally grown produce or agricultural products) in the evaluation of bids or proposals.
5. The developer of written specifications or descriptions for procurement will be prohibited from submitting bids on such products

Remember all procurement must adhere to open and fair competition. Source documentation should be available to determine open competition, the reasonableness, the allowability and the allocation of costs for all procurement.

## Rev. 07/2018 ver. 1

# CHILD NUTRITION PROCUREMENT PLAN

The (School Food Authority) will purchase food and other items for use in the Child Nutrition Program in compliance with 2 CFR Part 200, Subpart D and USDA implementing regulations, 2 CFR part 400 and part 415, as applicable, and Mississippi State Law, using the procedures outlined in this document and the Chart of Procedures.

1. **Purchases of SERVICES or COMMODITIES (including perishable food or supplies)**
2. For purchases between $0.01 and $3,499.99, Micropurchasing may be utilized.
3. The cost must be reasonable.
4. Purchases should be spread equitably among suppliers to the extent practicable.
5. For purchases between $3,500.00 and $50,000.00, small purchase procedures are required to be utilized (unless the SFA elects to utilize formal purchasing procedures).
   1. Develop specifications for the services, food or supplies to be procured.
   2. Obtain price quotes from an adequate number of suppliers.
   3. Prepare price quote documentation sheet and note supplier awarded.
6. For purchases exceeding $50,000.01, formal purchasing procedures are required to be utilized.
   1. Work with District’s Business Officer to utilize the proper method (e.g. RFP, Invitation to Bid, Reverse Auction).
   2. Procurement must be advertised to and open to the public.
   3. Submit lowest or more responsive bid to School Board for approval.
7. **Non-competitive Purchases**

Non-competitive purchases may only be made when an emergency arises that threatens continued service of the child nutrition program, or when the service/commodity being purchased is available from only one vendor (i.e. sole source). If it is necessary to make a non-competitive purchase in order to continue service, the purchase shall be made and a log of all such purchases shall be maintained and reviewed by the review official listed in Column E of the Chart of Procedures. The log shall show:

1. Item name;
2. Dollar amount;
3. Vendor; and
4. Reason for emergency/justification of sole source designation.
5. All purchases will be conducted in accord with the attached Chart of Procedures.

**D.** The following records will be maintained for a period of 3 years, plus the current year:

1. Records of all phone quotes.
2. Log of all emergency and sole source purchases;
3. All written quotes and bid documents;
4. Comparison of all price quotes and bids with the effective dates shown;
5. Price comparison will show bids or quote award; and
6. Log of approved substitutions.

**E.** Each SFA must develop an established procedure to handle any dispute resulting from a competitive process (Bid Protest Policy).

**F.** The following conduct will be expected of all people who are engaged in the award and administration of contracts supported by school food and nutrition program funds.

- No employee, officer or agent of the (School Food Authority) shall participate in selection or in the award or administration of a contract supported by program funds if a conflict of interest, real or apparent, would be involved.

- Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

a. The employee, officer or agent;

b. Any member of his immediate family;

c. His or her partner;

d. An organization which employs or is about to employ one of the above.

- The (School Food Authority) employees, officers or agents shall neither solicit nor accept gratuities, favors or anything of material monetary value from contractors, potential contractors or parties to sub-agreements.

- The purchase during the school day of any food or service from a contractor for individual use is prohibited.

- The removal of any food, supplies, equipment or school property, such as official records, recipe books and the like, is prohibited.

- The outside sale of such items as used oil, empty cans and the like will be sold by contract between the (School Food Authority) and the outside agency. Individual sales by any school person to an outside agency or other school person is prohibited.

- Failure of any employee to abide by the above stated code could result in a fine, suspension, or both, or dismissal. Interpretation of the code will be given at any time by contacting (Title of Person) at (Telephone Number). The (School Food Authority) will not be responsible for any other explanation or interpretation which anyone presumes to make on behalf of the Board of Education.

This plan adopted by the Board of Education of the School District at the regularly scheduled meeting on this the day of in the year .

SIGNATURE

(Superintendent)

(Secretary of the Board)

## Rev. 07/2018 ver. 1p

# CHILD NUTRITION PROCUREMENT PLAN

The (School Food Authority) will purchase food and other items for use in the Child Nutrition Program in compliance with 2 CFR Part 200, Subpart D and USDA implementing regulations, 2 CFR part 400 and part 415, as applicable, and Mississippi State Law, using the procedures outlined in this document and the Chart of Procedures.

1. **Purchases of SERVICES or COMMODITIES (other than fresh produce)**
2. For purchases between $0.01 and $3,499.99, Micropurchasing may be utilized.
3. The cost must be reasonable.
4. Purchases should be spread equitably among suppliers to the extent practicable.
5. For purchases between $3,500.00 and $50,000.00, small purchase procedures are required to be utilized (unless the SFA elects to utilize formal purchasing procedures).
   1. Develop specifications for the services, food or supplies to be procured.
   2. Obtain price quotes from an adequate number of suppliers.
   3. Prepare price quote documentation sheet and note supplier awarded.
6. For purchases exceeding $50,000.01, formal purchasing procedures are required to be utilized.
   1. Work with District’s Business Officer to utilize the proper method (e.g. RFP, Invitation to Bid, Reverse Auction).
   2. Procurement must be advertised to and open to the public.
   3. Submit lowest or more responsive bid to School Board for approval.
7. **Purchases of FRESH PRODUCE**
8. For purchases between $0.01 and $3,499.99, Micropurchasing may be utilized.
   1. The cost must be reasonable.
   2. Purchases should be spread equitably among suppliers to the extent practicable.
9. For purchases between $3,500.00 and $149,999.99, small purchase procedures are required to be utilized (unless the SFA elects to utilize formal purchasing procedures).
   1. Develop specifications for the services, food or supplies to be procured.
   2. Obtain price quotes from an adequate number of suppliers.
   3. Prepare price quote documentation sheet and note supplier awarded.
10. For purchases exceeding $149,999.99, formal purchasing procedures are required to be utilized.
    1. Work with District’s Business Officer to utilize the proper method (e.g. RFP, Invitation to Bid, Reverse Auction).
    2. Procurement must be advertised to and open to the public.
    3. Submit lowest or more responsive bid/proposal to School Board for approval.
11. **Non-competitive Purchases**

Non-competitive purchases may only be made when an emergency arises that threatens continued service of the child nutrition program, or when the service/commodity being purchased is available from only one vendor (i.e. sole source). If it is necessary to make a non-competitive purchase in order to continue service, the purchase shall be made and a log of all such purchases shall be maintained and reviewed by the review official listed in Column E of the Chart of Procedures. The log shall show:

1. Item name;
2. Dollar amount;
3. Vendor; and
4. Reason for emergency/justification of sole source designation.
5. All purchases will be conducted in accord with the attached Chart of Procedures.

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- Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

a. The employee, officer or agent;

b. Any member of his immediate family;

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- The outside sale of such items as used oil, empty cans and the like will be sold by contract between the (School Food Authority) and the outside agency. Individual sales by any school person to an outside agency or other school person is prohibited.

- Failure of any employee to abide by the above stated code could result in a fine, suspension, or both, or dismissal. Interpretation of the code will be given at any time by contacting (Title of Person) at (Telephone Number). The (School Food Authority) will not be responsible for any other explanation or interpretation which anyone presumes to make on behalf of the Board of Education.

This plan adopted by the Board of Education of the School District at the regularly scheduled meeting on this the day of in the year .

SIGNATURE

(Superintendent)

(Secretary of the Board)

**Rev. 07/2018**

**INSTRUCTIONS FOR COMPLETING CHART OF PROCEDURES**

**IN PROCUREMENT PLAN**

**Column A** Preprinted categories. \*

**Column B** Enter in this column the frequency with which pricing will be obtained. Some suggested answers might be:

1. Daily; 5. Twice a month; 9. Every 90 calendar days;

2. Weekly; 6. Every 60 calendar days; 10. Every 6 months

3. Every 2 weeks; 7. Every 2 months; 11. Twice a school term; and

4. Monthly; 8. Quarterly; 12. Annually.

If more than one frequency applies to a specific category, place the most common frequency in Column B and on a separate attachment explain the exception.

**Column C** Enter in this column the method that will be used to purchase each of the categories listed in Column A. Fill in Column C with the most common method and on a separate attachment explain the exception. Some suggested wording for method is as follows:

* 1. Line item phone quotes; 4. Bottom line firm price bids;
  2. Line item written quotes; 5. Reimbursable cost plus a fixed fee; and
  3. Line item formal bids; 6. Non-competitive negotiations.

**Column D** Enter in this column the title of the position of the person who will be responsible for writing and interpreting specifications. This should be someone who is active in the daily operation of the food service, such as:

1. Food Service Administrator 2. Food Service Manager

In districts where there is no central administrator of food service or in single school operations this person could be the food service manager or head cook.

**Column E** Enter in this column the title of the person responsible for issuing quote and bid requests, tabulating price information and making recommendations on the award of purchase. This should be someone who is active in the daily operations of the food service, such as:

1. Food Service Administrator 2. Food Service Manager

In districts where there is no central administrator of food service or in single school operations this person could be the food service manager or head cook.

**Column F** Enter in this column the title of the person who has the authority to award bids (probably Board of Education has delegated to the Superintendent. The Superintendent may have delegated to a Business Manager, Assistant Superintendent or Purchasing Agent). The review and award official should always be someone who is higher or lateral in the organization to the person listed on Column E.

**Column G** Enter in this column the title of the person who makes the decisions about quantity and time of delivery. In the majority of school districts this will be the Food Service Manager/Head Cook.

**Column H** Enter in this column the title of the person who will actually place the order with the appropriate supplier. In the majority of districts this will be the Food Service Administrator, Assistant or Manager.

**Column I** Enter in this column the title of the person who will actually receive products. In most districts this will be the Food Service Manager/Head Cook or a Warehouse Supervisor.

**Column J** Enter in this column the title of the person who has the authority to approve substitutions of products or brand. In order to maintain the integrity of the purchasing function this should be people listed in Column E or someone who is extremely familiar with the process.

\*If your organization is a participant in the Statewide Purchasing Program (SWPP**)** and any of the optional programs (i.e. milk, ice cream, bread and produce) you may enter **SWPP** in the Columns B, C, D, E, F, and J beside each category that is administered by the purchasing program. This entry will indicate to us that the Statewide Purchasing Program performs those functions for your organization. In Columns G, H, and I, you must enter the name of the individual who performs those functions.

**Rev. 07/2018 CHART OF PROCEDURES**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **A**  **(Category)**  **WHAT** | **B**  **(Frequency)**  **WHEN** | **C**  **(Method)**  **HOW** | **D**  **Writes & Interprets Specifications & Instructions, etc.** | **E**  **Issues, Requests, Receives & Tabulates Pricing** | **F**  **Awards & Reviews Bids or Quotes** | **G**  **Requisitions Product**  **WHO** | **H**  **Orders Product**  **WHO** | **I**  **Receives Product**  **WHO** | **J**  **Approves Substitutions of Product or Brand** |
| **1. Fresh Produce** |  |  |  |  |  |  |  |  |  |
| **2. Dry Groceries** |  |  |  |  |  |  |  |  |  |
| **3. Frozen Fruits**  **& Vegetables** |  |  |  |  |  |  |  |  |  |
| **4. Frozen Meats** |  |  |  |  |  |  |  |  |  |
| **5. Paper Goods** |  |  |  |  |  |  |  |  |  |
| **6. Miscellaneous**  **Cleaning Supplies** |  |  |  |  |  |  |  |  |  |
| **7. Dish machine &**  **Other Special**  **Chemicals** |  |  |  |  |  |  |  |  |  |
| **8. Equipment-Small** |  |  |  |  |  |  |  |  |  |
| **9. Equipment-Large** |  |  |  |  |  |  |  |  |  |
| **10. Milk** |  |  |  |  |  |  |  |  |  |
| **11. Bread** |  |  |  |  |  |  |  |  |  |
| **12. Ice Cream** |  |  |  |  |  |  |  |  |  |
| **13. Emergency**  **Purchases** |  |  |  |  |  |  |  |  |  |
| **14. Non-Competitive**  **Negotiations** |  |  |  |  |  |  |  |  |  |