Helping Hawaii Eat Healthier

CACFP PROCUREMENT TRAINING

HCNP and community partners work together to assure Hawaii’s children have access to healthy meals.

CACFP | Child & Adult Care Food Program

USDA

State Agencies

Sponsors

Independent Centers

Family Child Care Providers

Sponsored Centers

Children
RESPONSIBILITY for assuring procurement compliance is “passed down” from one level to the next through agreements and contracts.

USDA engages with State agencies in Federal-State Agreements to administer the School Nutrition Programs at the State level.

State agencies have an agreement with SFA’s to operate the program in a local school district.

SFA’s contract with vendors, management companies, and service providers for meals and the other functions necessary to carry out a school meal program.

Elements of Competitive Procurement

Institutions and Sponsoring Organizations must have a Procurement Plan

A procurement plan is a detailed description of an organization’s procurement process that demonstrates that they procure in a manner that is consistent with federal, state, and local law and regulation. The plan must demonstrate that the procurement process allows for fair competition for all products.
Written Procurement Procedures:

- Ensure purchases are made in compliance with federal, state, and local rules.
- Provide purchasing staff with a guide on proper procuring which will help prevent unallowable purchases.
HCNP Prototype Procurement Plan

Includes a Code of Conduct section. All Institutions and Sponsoring Organizations must have a written Code of Conduct.

- Protects employees from engaging in unethical and unallowable behavior
- Provides disciplinary actions for violations
- Protects your organization’s reputation

Code of Conduct must have consequences if rules are violated.

Examples of disciplinary actions are:

- Verbal warning
- Written warning
- Fines
- Suspension or Termination

G. Code of Conduct

The following rules will be expected of all persons who are engaged in the awarding and administration of contracts supported by school nutrition program funds. These written standards of conduct include:

1. No employee, officer or agent of the [insert name of SPA] shall participate in the selection or in the award or administration of a contract supported by program funds if it is a conflict of interest and or appears, 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:
   - any employee, officer or agent;
   - any member of the immediate family;
   - his or her parent;
   - any organization which employs or is about to employ one of the above.

2. The [insert name of SPA]’s employees, officers, or agents shall not solicit or accept gifts, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

3. Penalties for violation of the standards of code of conduct of the [insert name of SPA]’s school nutrition programs should be:
   - expulsion by board of education;
   - dismissal by board of education;
   - any legal action necessary.

[Insert other state or local procurement requirements that may be required]
Conflicts of Interest
No employee should be involved in the procurement process if they have a conflict of interest – real or perceived.
• REAL: Professional judgment is compromised because of a financial personal benefit.
• PERCEIVED: A reasonable person would think that the professional’s judgment is likely to be compromised.
• The Newspaper/Stink Test

Can an Institution or Sponsoring Organization Receive Gifts?
Yes, but it must be clearly defined in your Code of Conduct.

• Procurement Methods
Micro-purchase – not services
Small purchase
Invitation for Bids
Request for Bids
Single/Sole Source
Emergency Procurement

Procurement Methods

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Micro-purchase</th>
<th>Small purchase</th>
<th>Invitation for Bids</th>
<th>Request for Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>≤ $10,000</td>
<td>≤ $250,000</td>
<td>&gt; $250,000</td>
<td>≥ $250,000</td>
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<tr>
<td>Use</td>
<td>One-time purchase, floor products, and similar needs</td>
<td>Purchases ≤ $10,000 and ≤ $250,000, and small purchase thresholds</td>
<td>Purchase ≤ $10,000 and ≤ $250,000, and small purchase thresholds</td>
<td>Purchase &gt; $250,000 and &gt; $250,000, and small purchase thresholds</td>
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<td>Consideration</td>
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<td>Reasonable price (for competitive quality)</td>
<td>Reasonable price (for competitive quality)</td>
<td>Reasonable price (for competitive quality)</td>
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<tr>
<td>Specification</td>
<td>Written Specifications</td>
<td>Written Specifications</td>
<td>Written Specifications</td>
<td>Written Specifications</td>
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<tr>
<td>Contract</td>
<td>No solicitation, no cost comparisons necessary</td>
<td>No solicitation, no cost comparisons necessary</td>
<td>No solicitation, no cost comparisons necessary</td>
<td>No solicitation, no cost comparisons necessary</td>
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<td>Documentation</td>
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</tbody>
</table>

Micro-purchasing for food and supplies < $10,000:
No solicitation, no cost comparisons necessary

For one-time food & supplies purchases valued between 0-$10,000. No solicitation or cost comparisons are necessary. Rotate all food and supply purchases between grocery or warehouse stores, etc. Total annual expenditures at each store should be somewhat equal. Not to be used for equipment or services.
Procurement Methods for goods & services

≤ Small Purchase Threshold >

(Federal Threshold = $250,000)

Informal
- Small Purchase
  (Requires price quotes from at least 3 bidders)

Sealed Bids (IFBs)
& Competitive Proposals (RFPs)
(Requires public advertising)

The Informal Procurement Process

1. Draft specifications in writing
2. Identify and notify at least 3 sources eligible, able, and willing to provide products
3. Determine most responsive and responsible bidder at lowest price and award contract
4. Evaluate bidders' responses to your specifications
5. Manage the contract

CONTRACT for VENDED MEALS
SCHOOL YEAR 20XX - 20XX

A contract between the District and the Vendor must meet the program requirements specified in this agreement in order to submit the school district for the procurement of meal services. The contract must be signed by the District and the Vendor.

[Redacted]

[Redacted]
Other important clauses...

The Formal Procurement Process for FSMC and Contracts > $250,000
Competitive Sealed Bidding
Procurement by competitive sealed bidding is done by issuing an invitation for bid (IFB).

Use it when:
- A complete, adequate, and realistic specification is available.
- The contract can be awarded on the basis of price.

Invitation for Bid (IFB)
- Contract Type
- Introduction/Scope
- General Descriptions of Goods and Services (AKA Specifications)
- Timelines and Procedures
- Technical Requirements

Competitive Proposals (RFP)
Procurement by competitive proposal is done by issuing a request for proposal (RFP).

Use it when:
- Conditions aren’t appropriate for a sealed bid.
- Price won’t necessarily be the sole basis for the award.
- Price must still be weighted the highest % of total
Request for Proposals (RFP)

- Contract Type
- Introduction/Scope
- General Descriptions of Goods and Services (AKA Specifications)
- Timelines and Procedures
- Technical Requirements
- Evaluation Criteria

7-Step Procurement Process

- Menu/Recipes Developed
- Forecasting Conducted: Assess Current Inventory. Maximize use of USDA Foods. Determine needs.
- Specifications Written and Solicited to Potential Vendors
- Proposals Received
- Contracts Awarded
- Specifications Written and Solicited to Potential Vendors
- Vendors Evaluated: Responsiveness, Reliability, Responsible
- Contracts Managed: Vendor is reliable. Meets delivery and product specifications. Follows substitution rules.
- Vendor is reliable.

Quiz:
- Procurement Basics
If a vendor cannot meet a school’s specifications or requirements, is the vendor responsive?

Is documentation required for informal procurements?

Can a school award a contract if only one bid was received?
Can a school require a vendor to provide references?

Can a school require a specific brand name product?

Can a vendor request that a school change specifications or solicitation language after the solicitation has gone out?
Can a school award a contract to a local vendor without conducting a procurement?

Should schools always use the formal procurement method when making a purchase over $250,000?

Are there other rules besides federal regulations that schools must follow?
Must schools always award to the lowest bidder?

Is price the only consideration in an IFB?

Do you know the difference between an IFB and an RFP?
Local Procurement Guide

Available at:
http://go.usa.gov/KAFH
or on the Procuring Local Foods page of the USDA Farm to School website:
http://www.fns.usda.gov/farmschool/procuring-local-foods

• Questions!

This institution is an equal opportunity provider.