



PROCUREMENT

Missouri Department
of Elementary and Secondary Education

What is Procurement?

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What is Procurement?



**The act of obtaining of goods or services
in exchange for money or value**



Procurement: A Multi-Step Process

- ❑ **Competition**
- ❑ **Procurement procedures**
- ❑ **Forecasting**
- ❑ **Selecting the proper procurement method**
- ❑ **Developing a solicitation**
- ❑ **Advertising the solicitation**
- ❑ **Evaluating proposals/offers**
- ❑ **Awarding the Contract**
- ❑ **Managing the Contract**



Competition

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Competition

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- Why is competition Important?



Why Is Competition Important?

- **The full and open standard of competition was established because of the strong belief that the procurement process should be open to all capable contractors who want to do business with the Federal Government**
- **Free and open competition means that everyone has the same opportunity to compete for business**

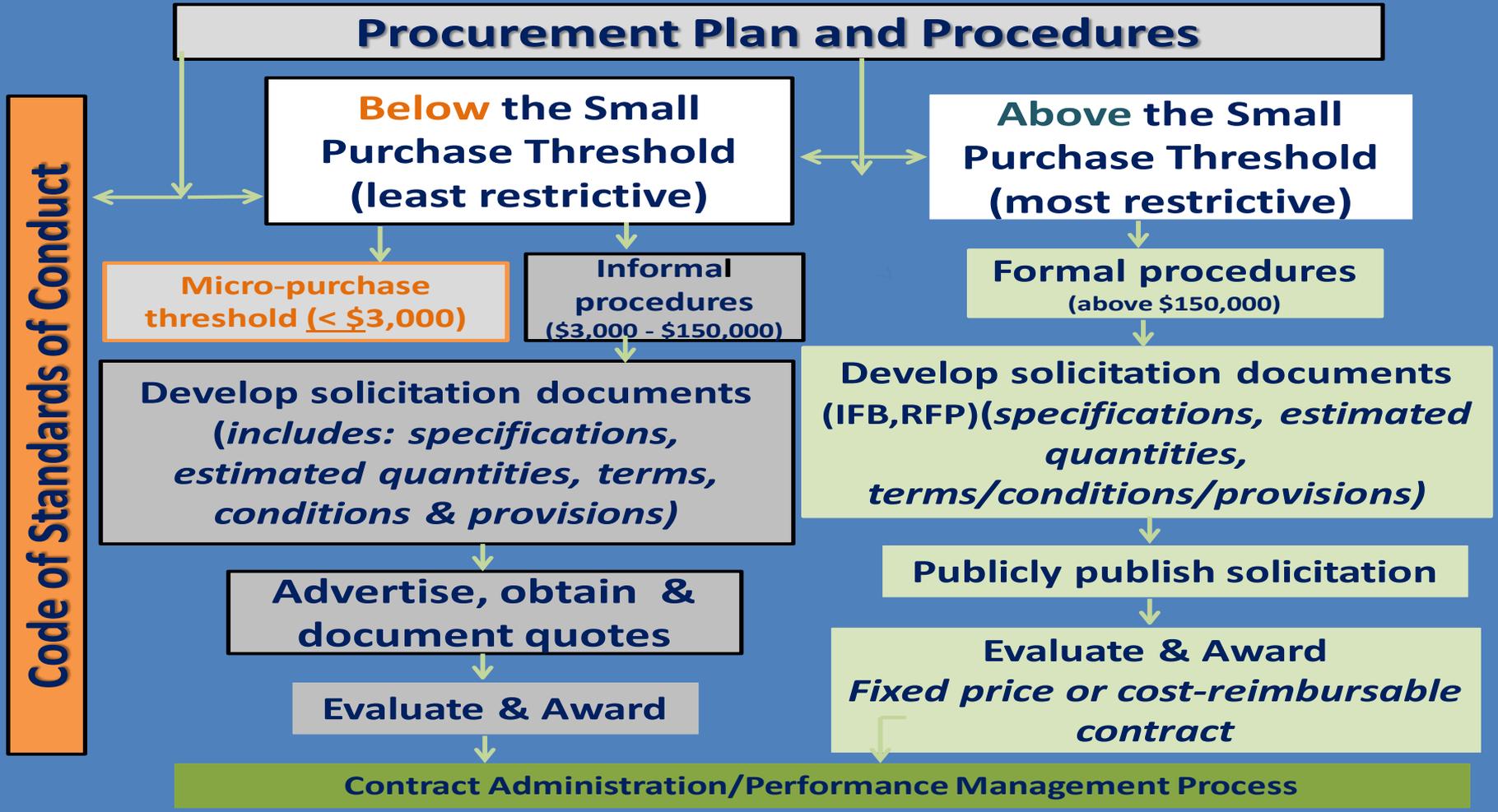


Embracing Competition

- If the “playing field” is level, vendor participation is encouraged
- The cost of products and services will be lower in price
- Better quality products and services result



Procurement a Multi-Step Process



Procurement Procedures

- Why are they important?



Procurement Procedures

- Why are they important?
 - Required by regulations
 - Helps to determine procurement methods to be used
 - Identifies parties that will address issues raised
 - Includes a written code of standards of conduct to prohibit conflicts of interest



Forecasting: Evaluate Operations

- Evaluate the current and future food service operation to determine needs
 - Self-Op/Central Kitchen/FSMC
 - Storage capacity
 - Processing abilities
 - Resources- financial, staff, other
 - Food safety practices
 - Prior year menus
 - Inventory



Selecting the Proper Procurement Method

□ Informal

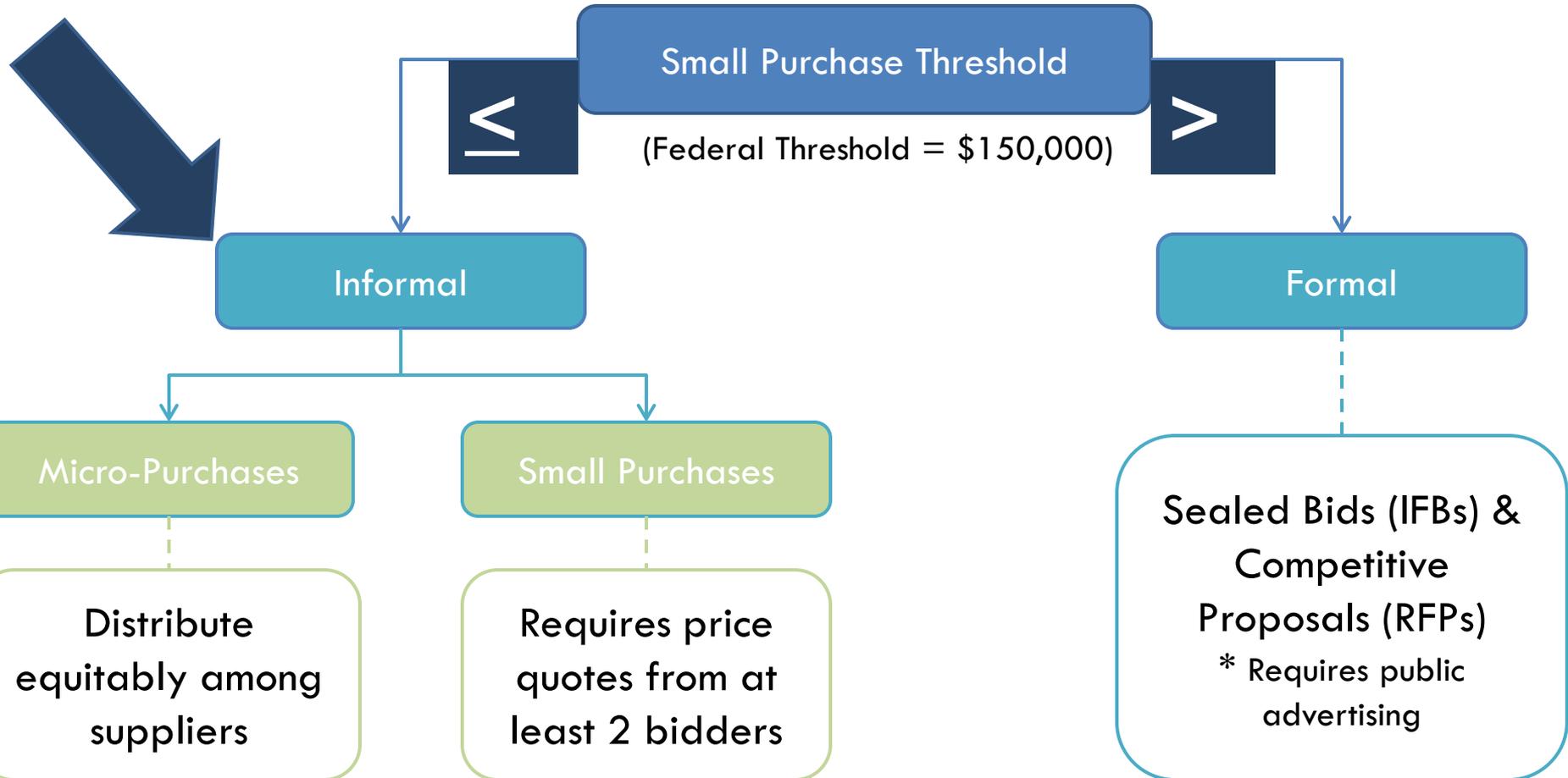
- Micro-Purchase
- Small Purchase

□ Formal

- Sealed Bids (IFB)
- Competitive proposals (RFP)



Procurement Methods



Informal Procurement Method (small purchase threshold)

- Procurement contract current set at under \$150,000 in value
 - States or localities may set a lower small purchase threshold (*which imposes more formal procedures*)



Micro Purchase

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- ❑ For use when the aggregate value of the purchase falls below the micro purchase threshold of \$3,000.
- ❑ This allows schools to purchase supplies or services without soliciting competitive quotations if the school considers the price reasonable

When using the micro purchase option, schools must:

- ❑ distribute micro-purchase equity among qualified suppliers
- ❑ Develop written specifications and required terms, conditions, and contract provisions
- ❑ Document all purchases



Informal Methods

	Micro Purchases	Small Purchase Procedures
Regulations	200. 320(a) 200.67	200.320(b) 200.88
Procedures in a nutshell	Procurement by micro-purchase is the acquisition of supplies or services not exceeding \$3000; may be awarded without soliciting competitive quotations if price is reasonable.	Purchases <\$150,000 (or State/local threshold if less) Minimum of three price quotes
State Agency oversight	Assurance of reasonable and necessary costs, Buy American	Assurance of competition, Buy American

Informal Procurement method

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



Formal Procurement Methods

- Value of purchase exceeds Federal, State, or local threshold for small purchases
- More rigorous and prescriptive:
 - Competitive Sealed Bidding (i.e., Invitation For Bid (IFB))
 - Competitive Negotiation (i.e., Request For Proposal (RFP))
- Allows for the identification of evaluation factors and their relative importance



Competitive Sealed Bidding

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□ Invitation For Bid (IFB)

The goods or service to be procured when using this method must be capable of being described so that bids submitted by potential contractors can be evaluated against the description in the (IFB) and an award made to the lowest responsive and responsible bidder



Competitive Negotiation

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- Request For Proposal (RFP)
 - The RFP describes in general terms the requirements, factors used to evaluate, General terms and conditions, and any special conditions/qualifications that may be required
 - It offers the opportunity, through negotiation, to change the content of an offer and pricing after opening.
 - This discussion provides the means for both the buyer and seller to reach agreement on a contract's content, terms, and conditions.



Formal Procurement Method

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1. Develop a solicitation
2. Publically announce the IFB/RFP
3. Evaluate bidders' response to your specifications
4. Award contract to the most responsive and responsible bidder at the lowest price
5. Manage the contract to ensure compliance



Formal Methods

	Sealed Bids (IFB)	Competitive Proposals (RFP)	Non-competitive Proposals
Regulations	<p>200. 320(c)(1)(i-iii)</p> <p>200. 320(c)(2)(i-v)</p>	<p>200. 320(d)(1)</p>	<p>200.320(f)(1)</p>
Procedures In a nutshell	<p>Technical specifications</p> <p>Advertise bid</p> <p>Public bid opening</p> <p>Award on price alone – firm fixed price</p>	<p>Solicitation includes evaluation criteria. Award based on score with significant weight on price and not price alone</p>	<p>>Item available only from a single source</p> <p>>public exigency</p> <p>>competition deemed inadequate</p>
State Agency oversight	<p>Assurance of advertising, bid opening and resulting in fixed price contract (required provisions relative 7 CFR 210 and 7 CFR 200)</p> <p>Appendix 2 part 200</p>	<p>Assurance of advertising, SA approval prior to execution of contract, may result in fixed price or cost reimbursable</p> <p>> SA must assure SFA receives discounts, rebates and credits in cost reimbursable contracts</p>	<p>Assure adherence to 200.320(f)(1)</p>

Develop a Solicitation

- Once the decision is made regarding what goods and services are needed and the appropriate method to acquire them, a solicitation must be developed which contains specifications & all necessary contract elements



Solicitation Overview

- The description and scope needs to be in line with what is being procured (i.e., procuring processor, FSMC, purchased goods through a distributor, etc.)
- Must be clearly stated so that bidders will understand and can be responsive to the need
- Identify all of the requirements that offerors must fulfill, so that changes do not need to be made to the contract after award has been made



Writing Clear and Thorough Specifications

- Product Name
- Variety
- Grade
- Size
- Quantity
- Quality
- Cleanliness
- Packaging
- Delivery
- Food Safety
- Farm Practices and Characteristics
- Other requirements based on product or service



Sections of a Solicitation

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



Advertising the Solicitation

The content of the solicitation announcement should be sufficient enough in scope to allow bidders/offers to identify:

- The general nature of the goods or services to be procured
- The method of procurement that will be used (formal or informal);
- How they can obtain the solicitation or more information; and
- The due date for responses to the solicitation.



Advertising the solicitation: Due Dates

When determining due dates, keep in mind:

- Complexity of the solicitation requirements;
- Time needed for pre-bid/award meetings, site visits, etc; and
- Federal Due dates:
 - FSMC for all program except summer food service program (SFSP)—at least 21 days in advance of due date*
 - FSMC for SFSP—at least 14 days in advance of bid opening*
 - In absence of applicable State or local laws, other solicitations should be publicly announced at least 21 days before the response is due, unless an emergency or good cause exists for expediting the acquisition.

**NOTE: USDA recommends using a time period of 4-6 weeks.*



How to Advertise

To allow for Free and Open Competition, use the following ways to advertise your solicitation:

- ❑ State, regional, or nation-wide newspapers
- ❑ Trade periodicals
- ❑ Designated internet sites
- ❑ Direct mailings (informal only)
- ❑ Other print media that serves the business community and general public



Basic Contract Elements

- ❑ Contract Duration
- ❑ Identification of the Contract's parties
- ❑ Scope of Work
- ❑ Product Specifications
- ❑ Type of Contract
- ❑ Renewal Options
- ❑ Modification and Change Procedures
- ❑ Default and Breach provisions, remedies, penalties
- ❑ Termination rights



Contract Elements continued

- ❑ Required Compliance certifications and sanctions
- ❑ Recordkeeping requirements
- ❑ Laws and Regulations that govern the contract
- ❑ In cost reimbursable contracts, ensure that all costs are net of all discounts, rebates and credits
- ❑ Clear Methodology for tracking costs
- ❑ Any Sanitation and Licensing requirements
- ❑ Professional Certification requirements or minimum levels of experience or education



Managing the Contract

Why is managing a contract important?



Managing the Contract

This ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts, and allows for adequate and timely follow-up of all purchases.



Managing continued

The SFA must monitor contractor performance to make sure it:

- Receives the quantity and quality of the goods and services requested;
- Receives the goods and services on time; and
- Is charged correct prices as bid and within budget.



Activities



Contact Us

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