



# PROCUREMENT

## *An Overview for LEAs*

October 2016

Missouri Department  
of Elementary and Secondary Education

# Procurement

2

- A multi-step process for obtaining goods, products and services at the best possible price
- Proper planning is worthwhile and critical



# Principles of good procurement

3

- Free and open competition
- Fairness and integrity
- Responsive and responsible vendors



# Competition

4

- Secures the best price for the best quality product or service
- Allow companies to differentiate
  - Prices
  - Services
  - Innovation



# Free and Open Competition

5

- Level playing field
- Same opportunity to compete
- Fairness and integrity is critical
- Procurement procedures may never unjustifiably restrict or eliminate competition



# Procurement and Communication

6

- Procurement is a complicated process that requires open communication, unity and dedication from all entities in the supply chain



# Effective Procurement System

7

- Utilize cycle menus
- Understand stakeholders expectations
- Control product movement and cost management
- Forecast the quantity
- Screen the product
- Write specifications
- Understand informal, formal and noncompetitive procurement methods
- Create the solicitation document
- Announce the solicitation
- Allow adequate solicitation lead time
- Award the contract
- Manage the contract



# Procurement Review

- DESE FNS is required to monitor LEAs to ensure all contracts meet Federal statutes/executive orders, and ensure federal regulations are followed (7 CFR 210.21(c))
- Procurement reviews will be in the same cycle as the Administrative Review (AR) but reviewed separately
- Procurement review may occur off-site or off and on-site
- SY 15-16 foodservice procurement will be reviewed during the first cycle year (SY 16-17)





# Why a new review?

9

- Procurement
  - has a major impact on financial stability of the LEA's nonprofit school food service account
- LEAs are required to
  - follow federal, state and local rules for free and open competition to procure any goods and services
  - monitor their contractors to ensure all contract provisions are carried out



# DESE FNS Procurement Review Process

DESE FNS sends procurement tool to LEA to complete

LEA completes tool and submits along with vendor paid list to DESE FNS



DESE FNS uses USDA chart to determine sample of contracts to review

LEA submits requested documentation



DESE FNA Reviews documentation sent in by LEA

# Procurement Review

11

- LEAs will have a minimum of 30 days to complete the Procurement Review process
- DESE FNS will contact LEA by email
- There will only be Corrective Action and Technical Assistance
- No Fiscal Action



# Review Focus

12

The USDA has stated that the focus of the procurement/contract review by DESE FNS will be in the following areas:

1. LEAs Procurement Plan
2. Code of Conduct
3. LEAs Contract:
  - a) Solicitation
  - b) Evaluation and Award
  - c) Management



# Buy American

13

- Purchase domestic commodities and products that are
  - Processed in the US, or
  - Processed using agricultural commodities produced in the US

LEA must follow procurement rules



# Items submitted by LEA

14

The LEA needs to submit:

- Vendor paid list with totals by each food service vendor for SY 15-16
- Procurement Plan
- Code of Conduct
- Completed Procurement Tool



# Vendor List

506-2562-6471-000-000										
Food										
Invoice #	Vendor Name	PO Number	Amount	Check #	Check Date	Status	Invoice Description	Line Description	Month	
1586230-0	AdvancePierre Foods		224.25	47543	9/15/2015	Cleared	FS Food	FS Food	9	
1606824-0	AdvancePierre Foods		224.25	47940	10/13/2015	Cleared	Cafeteria Food	Cafeteria Food	10	
1627080-0	AdvancePierre Foods		224.25	47940	10/13/2015	Cleared	Cafeteria Food	Cafeteria Food	10	
1640629-0	AdvancePierre Foods		224.25	48874	12/15/2015	Cleared	Food	Food	12	
1654118-0	AdvancePierre Foods		209.30	49269	1/12/2016	Cleared	Food	Food	1	
1661510-0	AdvancePierre Foods		209.30	49620	2/9/2016	Cleared	Food	Food	2	
1672282-0	AdvancePierre Foods		209.30	50011	3/15/2016	Cleared	Food	Food	3	
1697214-0	AdvancePierre Foods		209.30	50464	4/12/2016	Cleared	Food	Food	4	
1701899-0	AdvancePierre Foods		209.30	50894	5/10/2016	Cleared	Food for Cafeteria	Food for Cafeteria	5	
			1,943.50							
2016-53426-00-0										
	Albanese Confectionery Group Inc		156.00	50466	4/12/2016	Cleared	Gummi Worms	Gummi Worms	4	
			156.00							
126201-0										
	ASPIRE Beverage Company	850-10242	832.97	47957	10/13/2015	Cleared	Sports Drink	Sports Drink	10	
			832.97							
00722857-0										
	Bernard Food Industries Inc		1,912.80	CPA001036	9/15/2015	Paid	FS Food	FS Food	9	
00730144-0										
	Bernard Food Industries Inc		1,299.60	CPA001309	12/15/2015	Paid	Food	Food	12	
00730160-0										
	Bernard Food Industries Inc		613.2	CPA001309	12/15/2015	Paid	Food	Food	12	
00736145-0										
	Bernard Food Industries Inc		1,912.80	CPA001440	2/9/2016	Paid	Food	Food	2	
			5,738.40							
395198RAV-0										
	Bibby financial Services		1,512.50	49640	2/9/2016	Cleared	Food	Food	2	
			1,512.50							
Dierbergs-0										
	BMO Harris MasterCard		22.94	764	8/25/2015	Cleared	FS Supplies	FS Supplies	8	
HyVee-1										
	BMO Harris MasterCard		31.13	764	8/25/2015	Cleared	FS Supplies	FS Supplies	8	
Dierbergs-1										
	BMO Harris MasterCard		17.8	768	9/23/2015	Cleared	Food	Food	9	
Dierbergs-2										
	BMO Harris MasterCard		24.96	777	12/23/2015	Cleared	Grocery	Grocery	12	

# Micro-purchases

16

- Federal and State micro-purchase threshold is \$0-3,500.
- *If a local small purchase threshold is more restrictive, this threshold would need to be applied*
- *Distributed among qualified suppliers*
- *No quotes required*
- *Price must be reasonable*





# Small purchases

17

- What is the LEA's small purchase threshold?
  - *Federal and state small purchase threshold is \$3,500 - \$150,000*
    - *Obtain quotes*
    - *Documented*
    - *More than one source*
  - *If a local small purchase threshold is more restrictive, this threshold would need to be applied*



# Sealed bids

18

- Exceeds \$150,000 or most restrictive threshold
  - Contract award
    - Firm, fixed price
    - Lowest responsive and responsible bidder
    - Documents include a complete, adequate and realistic specification/description
    - 2 or more bidders available that are willing and able to compete
    - Bids must be solicited from an adequate number of known suppliers, providing sufficient response time
    - Bids opened at time and place identified in document



# Code of Conduct

- Does the LEA have written code of conduct that include prohibiting conflicts of interest for employees engaged in selection, award, and administration of contracts?
- Does the code of conduct prohibit soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts?
- Does the code of conduct include disciplinary actions for violations?



# Procurement Procedures

- Does the LEA have documented Procurement Procedures?
- Do they include:
  - a) **Requirements to conduct cost or price analysis for all formal bids and/or contract modifications?**
  - b) **Steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible?**



# Procurement Procedures Continued

21

- How does the LEA ensure the contractor complies with all contract provisions prior to approving contractor invoices for payment?

*Explain how the LEA monitors that all contract provisions are followed before invoices are paid*

*What are the procedures to ensure this*



# Resources

- Institute of Child Nutrition Resources, Training and Research
  - Procurement in the 21<sup>st</sup> Century
  - <http://nfsmi.org/>



## Contacts:

[Kevin.Gorsage@dese.mo.gov](mailto:Kevin.Gorsage@dese.mo.gov)

[Samantha.Taggart@dese.mo.gov](mailto:Samantha.Taggart@dese.mo.gov)

[Joanna.Hosier@dese.mo.gov](mailto:Joanna.Hosier@dese.mo.gov)

