

Guidelines for Procurement Standards on Commodity Processed Items

LEAs are required by federal regulation to conduct formal procurement for commodity processed items if the total cost of processing is greater than the federal, state, or local threshold for formal procurement. There are federal procurement rules for public and non-public LEAs: 7CFR Part 3016 for public and 7CFR Part 3019 for non-publics. Part 3016 and 3019 can be obtained on the School Food Services Web site: www.dese.mo.gov/divadm/food. Go to “USDA Guidance Policies” and scroll down to “Procurement.”

The federal threshold for formal procurement is \$100,000 and the state threshold for public LEAs is \$25,000. The state threshold is lower than the federal threshold; therefore, the state threshold prevails over the federal for public LEAs. However, every public LEA must conform to the local threshold if it is lower than the state threshold. (For example: If the local threshold for formal procurement is \$1,000, then formal procurement is required for any commodity processed item that costs more than \$1,000 to process.) Every non-public LEA must follow the federal threshold unless chooses to follow the local, if it is lower. **Formal procurement is only required if the dollar value threshold is exceeded. It is very important that an LEA check with their procurement agents to determine when formal procurement is required and how procurement procedures are handled locally.**

The School Food Services Section utilizes “Master Contracts” which means that the SA enters into a contract with each processor. LEAs purchase the end products and pay the processing fees to the processors. The order forms that are available in the commodity processing packets list a cost per case. Please note that in most cases this is the highest cost that a processor can charge for the school year. With formal procurement LEAs may be able to receive processed items at a lower cost.

If there is a processor that an LEA is interested in doing business in the State of Missouri, the LEA will recommend the processor schedule an appointment with the SA during the months of June, July, or August. The processor will need to prove marketability by October 1 of the current school year in order to process with the state of Missouri for the following school year. The commodity processing packets listing the processors that have proved marketability will be available during the Commodity Expo or mailed to the LEA. Procurement for LEAs would need to occur during the months of December, January, and February for the following school year. A selection must be determined before the commodity packets are returned to the School Food Service's office.

If the LEA conducts formal procurement with a company/broker that has a commodity item available, the LEA may include the commodity item.

Once the LEA determines that formal procurement is required the following are possible procedures that may be followed:

- Identify your internal procurement procedures.
- Set up product priorities and set values. For example:

Quality of product	25 points
Past performance	25 points
Cost	25 points
Student Preference	25 points

Note: This is just an example. Each LEA may have different priorities.

- Some LEAs may be able to “sole source” which allows for purchasing a specific item without going through the competitive bid process. If the LEA is unable to justify a sole source bid, specifications for commodity processed items need to be set.
- A potential bidder cannot write the specifications or the bid proposal for the LEA. A bidder will be disqualified from the bid process for violation of proper procedures.