PROCUREMENT INFORMATION SHEET

1. **What is procurement and why is it required?**

Procurement is the purchasing of goods and services. It promotes free and open competition which is essential to ensure the best cost and quality of goods and services. Proper procurement avoids conflict of interest.

1. **What is the code of standards of conduct?**

2 CFR 200.318 (c)(1)-SFA must develop and implement a written code of conduct designed to govern the performance of employees engaged in procurement.

Must prohibit employees from soliciting gifts, travel packages, and other incentives from prospective contractors.

Must prohibit an employee from participating in the selection, award, and administration of any contract to which an entity or certain persons connected to them have financial interest.

Must also provide for CNP operators to set standards when financial interest is not substantial or the gift is an unsolicited item of nominal value and may be acceptable.

Must provide for disciplinary actions to be applied in the event the standards are violated.

1. **Where can the procurement regulations be found?**

[www.ecfr.gov](http://www.ecfr.gov) is the link where you will find 2 CFR Part 200, 7 CFR Part 210 (NSLP), 7 CFR 225 (SFSP)

1. **What are the methods of procurement?**

Informal (less than $150,000 Indiana) \*(less than $250,000 Federal) vs Formal (more than $150,000 Indiana) \*(more than $250,000 Federal) SFAs must follow the most restrictive which would be the $150,000 for Indiana.

1. **Under the procurement methods, what are the thresholds and procurement procedures?**

***Micro Purchase*** (Under \*$10,000) – Rotate vendors. You must maintain a list of vendors from which you will rotate.

***Small Purchase*** (Between \*$10,000 - $150,000 ) – Obtain 3 quotes. Once you obtain the three quotes, you will choose the most cost effective quote. Price should be the highest determining factor. You can use other factors such as delivery, location, quality, etc.

***Large Purchase*** (Over $150,000) – Invitation for Bid (IFB) or Request for Proposal (RFP). The difference between the IFB vs the RFP is the IFB is predominantly awarded only on price. The RFP may have other scoring criteria, such as delivery, quality, location, etc. With both IFB and RFP, clear specifications and evaluation criteria should be developed, and they should not be unduly restrictive. Publicizing the solicitation appropriately to the widest possible audience, and allowing adequate time for the respondent to prepare responsive bid or proposal. The state requires, at minimum, two publications, at least one week a part, with the second publication at least 7 days before the bid opening.

***\*Note Federal Thresholds increased June 2018; Micro Purchase $10,000, Informal less than $250,000, Formal more than $250,000. Indiana threshold has not changed. Because Indiana threshold is more restrictive for Informal vs Formal, the previous threshold of $150,000 should continue to be followed. Micro purchase threshold has increased to $10,000 and the changes should be implemented.***

1. **Is approval needed to procure equipment?**

Before procuring equipment over $5,000, approval is needed from a finance team member. This request can be made by emailing members of the IDOE Child Nutrition Finance Team with the details and request. One of the team will respond with an approval or additional questions.

1. **What are the sponsor requirements when there is a Food Service Management Company (FSMC)?**

The SFA must establish an advisory board composed of parents, teachers, and students to assist in menu planning. The SFA must monitor the FSMC through periodic on-site monitoring. The SFA will need to assure that the FSMC complied with all health inspection regulations as required under the terms of the contract with the FSMC. If there were discounts, rebates, and credits for commercial food and supplies purchased, or if there is a guaranteed return to the SFA from the FSMC, those funds must go back to Non-Profit School Foodservice Account to be used for the school nutrition program only. The SFA should conduct a reconciliation at

least annually and at contract termination to ensure the FSMC has properly charged costs to the SFA, especially in a cost reimbursable contract (the SFA should be charged the cost for food, including any discounts, charged the FSMC). The SFA must ensure they receive the full value of USDA Foods from the FSMC.

1. **What is cooperative purchasing group (Co-op) and how are they formed?**

A co-op is a group of people or entities joining together to accomplish all or part of the steps in the purchase process. A co-op will use collective buying power to obtain highest quality products at the best price. A group of schools banding together to enter into contracts for the purchase of goods or services would be considered a co-op if all members of the co-op are schools only and the procurement process is completed for this member schools alone. **This means a SFA wanting to join a group that has already procured a contract in which that school was not included, would need to wait to join during the procurement of the next contract. Joining a contract already in place could be considered a material change and is not allowable.**

A co-op under the School Nutrition Program (SNP) must follow federal, state, and local rules, regulations, and policies governing procurement. When joining a co-op it is important to find a co-op that can satisfy unique needs, such as special products, storage capacity, and additional equipment. Delivery schedules, product offerings, and local regulations should be considered. As a member of a co-op there are responsibilities which includes participating on committees, attending meetings, and purchasing within agreement guidelines. The Regional Education Service Centers (ESC) can be considered a co-op if you are participating in the group in your region and are members of that ESC. If another ESC (outside of your region) is asking you to join their contract you would have to procure the service like any other vendor and they can respond to your RFP or send a quote.

1. **What is a Third Party Purchasing Organization?**

A Third Party Purchasing organization (or Group Purchasing Organization – GPO) is an external entity that facilitate procuring products and service for members/member agencies from external sources such as an affiliated or unaffiliated full-line distributor. Membership involves paying a fee in addition to the price of products and services purchase. It should be noted that paying a fee does not constitute compliance with the competitive procurement process that sponsors are required to conduct when procuring products and services. When procuring and comparing prices, make sure to include any fees as part of the total evaluation.

1. **What are the deadlines for finance documents?**

FSMC Monitor Review Sheet April 30

FSMC New Contract RFP March 31

FSMC Renewals (Unsigned) May 30

FSMC Renewals (Signed) June 30

FSMC New Contract (Signed) June 30

PLE Tools April 30

Annual Financial Reports September 1

Revenue Non-Program Food Tool\* September 1

\* *The RNPF Tool does not need to be submitted to*

*IDOE. Retain for review or audit.*

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