



**COMMUNITY
NUTRITION**
conference

Procurement Uncovered
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TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

square meals

OBJECTIVE



The objective of this session is to offer insight in to what TDA looks for when assessing compliance with procurement requirements as part of an administrative review of CACFP and SFSP.



PROCUREMENT AND THE ADMINISTRATIVE REVIEW



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Written Procurement Procedures



Does the CE have written procurement policies & procedures?



Do written procurement procedures meet requirements?



Are written procurement procedures followed?

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Section 7310 of CACFP Handbooks, Chapter 6 of TDA's SFSP Supplemental Handbook and 2 CFR 200.317-326

Written Procurement Procedures

*Who,
What, and
When ...*



Develop and maintain procedures specific to the organization

Step-by-Step Instructions that outlines the entire procurement process

Level of detail must be reflective of the CE's operation



Section 7310 of CACFP Handbooks, Chapter 6 of TDA's SFSP Supplemental Handbook and 2 CFR 200.317-326

Procurement Procedures that Meet Requirements

Include Oversight Measures



Include ALL procurement methods: micro-purchase, small purchase, AND formal purchase methods

Include Required Elements:

- (1) Forecasting and Scheduling;
- (2) Selection of Procurement Method;
- (3) Evaluating Proposals/Offers;
- (4) Awarding and Managing the Contract;
- (5) Protest Procedures

Code of Standards of Conduct



Section 7310 of CACFP Handbooks, Chapter 6 of TDA's SFSP Supplemental Handbook and 2 CFR 200.317-326

Follow Procurement Procedures



TDA will then determine whether CE's are following their written procurement procedures

TDA will evaluate and review the following:

- Organizational chart
- Procurement records
- Financial records



Section 7310 of CACFP Handbooks, Chapter 6 of TDA's SFSP Supplemental Handbook and 2 CFR 200.317-326

Activity # 1 Procurement Procedures Example

BC Child Care Center PROCUREMENT PROCEDURES

BC Child Care Center purchases food items in large quantities, such as flour, meat, chicken, canned goods, etc. from warehouse stores such as Costco or Sam's Club. BC Child Care Center compares prices with other wholesale stores such as Restaurant Depot for some items. The smaller purchases are from HEB or Wal-Mart. Weekly sales are checked and compared. BC Child Care Center buys quality food items at the lowest possible price and maintains all procurement documentation on file.

Compliant?

Activity # 1

Procurement Procedures Example

Not compliant. It does not include:

- Each procurement method discussed in TDA Handbooks
- Positions responsible for carrying out each step of the procurement process
- Does not address the required elements of the procurement process: 1) Forecasting and Scheduling of Purchases; 2) Selection of the procurement method; 3) Evaluating proposals/offers; 4) Awarding and Managing the Contract; 5) Protest Procedures
- Proposed procurement actions will be reviewed by CE officials to determine the most economical approach

Procurement Records

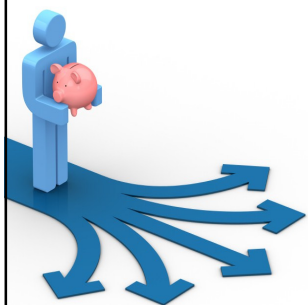
Specifications

Micro-purchases:
Cost Comparisons

Small purchases:
Price quotations

Formal purchases:
Cost/Price Analysis

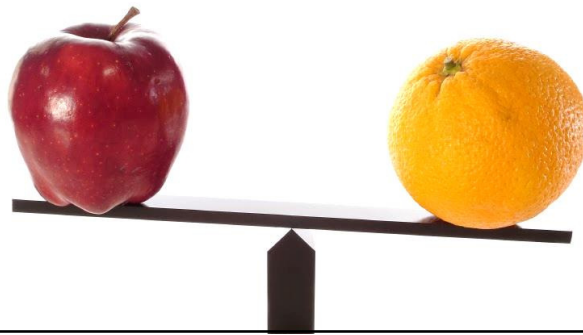
Based on the documentation made available, TDA will determine if the appropriate procurement method was used.



Examples of documentation

Micro-purchases:
Cost Comparisons

Small Purchases:
Price Quotations



	A	B	C	D	E
		HEB 04/03/18	Target 04/05/18	Wal-Mart 04/08/18	B.C. Independent Distributor 04/09/18
1					
2	Milk, gallon, 1%	\$2.92	\$3.89	\$3.68	\$6.50
3	Cereal, crisp rice	\$1.79	\$2.54	\$1.98	\$5.53
4	Eggs, large, grade A	\$1.65	\$1.69	\$1.98	\$4.59
5	Yogurt, 6oz cups	\$0.39	\$0.46	\$0.47	\$2.99
6	Cottage cheese, lowfat 24oz	\$2.29	\$2.64	\$2.64	\$5.59
7	Sour cream, 16oz	\$1.29	\$1.99	\$1.48	\$4.50
8	Apples, fresh, 3 lb.	\$3.29	\$4.49	\$3.37	\$6.99
9	Bananas, fresh, 1 lb.	\$0.44	\$0.48	\$0.57	\$2.99
10	Pasta, spaghetti, 32 oz	\$1.69	\$2.39	\$2.50	\$3.99
11	Orange juice, concentrate	\$1.29	\$1.84	\$1.42	\$5.59
12	Ground beef, 80/20	\$2.79	\$3.00	\$3.38	\$5.99
13	Pizza, frozen	\$1.99	\$2.51	\$2.00	\$4.89
14	Canned tomatoes, 14.5 oz diced	\$0.59	\$0.69	\$0.68	\$2.89
15	Tortillas, flour, med, 10 ct	\$0.99	\$2.15	\$2.18	\$4.50
16	Celery, one bunch	\$1.19	\$1.77	\$1.68	\$3.59
17	Baby carrots, 16 oz	\$0.99	\$1.49	\$1.48	\$4.19
18	Spinach, bagged, 9 oz	\$1.79	\$1.99	\$2.24	\$4.99
19	Peanut butter, 40 oz	\$4.29	\$5.94	\$4.98	\$7.50
20	Green beans, one can	\$0.49	\$0.77	\$0.75	\$2.50
21	Corn, one can	\$0.49	\$0.77	\$0.75	\$2.50
22	Bread, white, one loaf	\$0.85	\$1.49	\$1.18	\$3.19
23	Butter, unsalted	\$2.29	\$2.79	\$2.18	\$4.25
24					
25					
26		\$35.78	\$47.77	\$43.57	\$100.24
27			After 5% discount: \$45.38		

INFORMAL PROCUREMENT LOG AND EVALUATION MATRIX

(Purchases costing less than \$ 50,000)

Supplier Name:		Sysco			Ben E. Keith			Labatt		
Items to be Purchased:	Quantity estimated to be purchased	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)
• Delivery Frequency: <u>Weekly</u>										
• Bid will be honored for: <u>30 days</u> (number of day(s)/week(s)/month(s)) (SFA will state time period)										
1. Product name & specification: <u>Pineapple Tidbits (packed in juice) #10 can</u>	10	\$3.29	\$32.90	<input checked="" type="checkbox"/>	\$3.45	\$34.50	<input type="checkbox"/>	\$3.99	\$39.90	<input type="checkbox"/>
2. Product name & specification: <u>Pears Diced (in light syrup) #10 can</u>	12	\$3.99	\$47.88	<input checked="" type="checkbox"/>	\$4.15	\$49.80	<input type="checkbox"/>	\$4.65	\$55.80	<input type="checkbox"/>
3. Product name & specification: <u>Peach Slices (in light syrup) #10 can</u>	10	\$4.15	\$41.50	<input checked="" type="checkbox"/>	\$4.25	\$42.50	<input type="checkbox"/>	\$4.49	\$44.90	<input type="checkbox"/>
4. Product name & specification: <u>Green Beans, cut, #10 can</u>	12	\$3.59	\$43.08	<input checked="" type="checkbox"/>	\$3.75	\$45.00	<input type="checkbox"/>	\$3.99	\$47.88	<input type="checkbox"/>
5. Product name & specification: <u>Cor N whole kernel, liquid packed #10 can</u>	12	\$3.19	\$38.28	<input type="checkbox"/>	\$3.49	\$41.88	<input type="checkbox"/>	\$3.75	\$45.00	<input type="checkbox"/>
6. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
Total:		\$		<input checked="" type="checkbox"/>	\$		<input type="checkbox"/>	\$		<input type="checkbox"/>
*Bidder Selected (BS)		<input checked="" type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>		
*Bidder Selected (BS): Organization can award all items to one bidder (lowest total price) or award purchase on a line item basis (lowest line item price). The bidders will be informed as to which option they will use for awarding the purchase when they are asking for pricing.										
Method of contact: Email/Fax/Mail/In person/Phone		Phone			Phone			Phone		
Name of person quoting pricing:		John Doe			Tom Keith			Mark Smith		
Date contacted:		September 24, 2018								
Additional Notes:										
Signature of person completing this form:		Ben E						Date: 9/24/18		
Name of bidder selected: <u>Sysco</u>										
Bidder selected was notified on: <u>9/26/2018</u> (If notification was in writing attach document to the procurement log/evaluation matrix)										
Method of notification: <u>Phone</u> (Email/Fax/Mail/In person/Phone)										

Activity # 2

Specifications must be developed in writing and must:

- **Include a description that is clear and accurate.**
- **Not unduly restrict competition**
- **Be shared with each vendor (same specifications)**
- **Description may include:**
 - **Style, variety or other quality standard designation;**
 - **container size (weight, can size, etc.);**
 - **fill or count of contained product;**
 - **packing medium (syrup, natural juice, water, etc.);**
 - **unit on which price will be based;**
 - **kind of container (cans, glass, plastic, paper containers, etc.)**

Activity # 2

Specifications - Example #1

"Pineapple tidbits, #10 can, packed in juice"

???



*This description is clear,
accurate and does not
unduly restrict competition.*

Answer:



Activity # 2

Specifications - Example #2

"Dole pineapple tidbits, packed in juice"

???



*This description is clear,
accurate and does not
unduly restrict competition.*

Answer:



Activity # 3

Aggregate - Points to Remember:

- *Total amount of items that can be reasonably combined in order to conduct an efficient procurement action.*
- *Total cost of item(s) purchased in a single transaction.*
- *Single transaction occurs when goods or services are purchased from the same supplier at the same time (regardless of quantity of items purchased or length of payment terms).*
- *Single purchase transactions have one receipt OR contract.*
- *Does not only apply to micro-purchases.*
- *Must always determine the most economical approach.*

Activity # 3

Aggregate – Example 1

CE made a purchase at a warehouse club store that totaled \$3,000. Total purchases from this store for the program year was \$55,000.

Question 1:

Is the transaction amount (aggregate cost) \$3,000 or \$55,000?

Answer:
\$3,000

Question 2:

Is formal purchase method the appropriate method to use because the total annual amount was over \$50,000?

Answer:
Not necessarily. Must consider whether that method is the most economical approach.

Activity # 3

Aggregate – Example 2

CE has a contract for rental equipment . The amount of the one year contract is \$12,000. The CE pays \$1,000 per month.

Question:

Is the transaction amount (aggregate cost) \$1,000 or \$12,000?

Answer:

\$12,000

Activity # 4

Micro-purchase

(\$10,000 threshold effective January 1, 2019)

Two requirements must be met in order for purchases to be considered a micro-purchase:

- 1. Price must be considered reasonable**
- 2. To the extent practicable, purchases must be spread equitably among qualified suppliers**

Activity # 4

Micro-purchase – Example 1

During an administrative review, TDA determines that a CE purchased kitchen supplies at the following three stores during a program year:

Store A: \$1,000

Store B: \$4,000

Store C: \$300

Compliant?

Activity # 4

Micro-purchase – Example 1

Store A: \$1,000

Store B: \$4,000

Store C: \$300

Compliant?

Answer:

No. Although CE shopped at different stores, purchases were not spread equitably among qualified suppliers.

Activity # 4

Micro-purchase – Example 2

During an administrative review, TDA determines CE purchases groceries from a specific store due to low prices. All transactions are under the micro-purchase threshold.

Compliant ?

Activity # 4

Micro-purchase – Example 2

Compliant ?

Answer:

Not compliant with the micro-purchase method. Even if the transaction amount is under the micro-purchase threshold, it would not be considered a micro-purchase. When considering prices, the small purchase method is followed.

Contracts



TDA's Standard IFB and Contract for Purchased meals



Contracts that contain all required terms and provisions



Vendor/supplier monitored for compliance with contract requirements

Requesting Records



Initial Records Request:

- Engagement Letter – DRP
- Uploaded in TX-UNPS by due date



Follow-Up Requests:

- Additional supporting documentation will be requested.



TDA also considers procurement documentation submitted with approved application

Why?

It is
Required!



Must comply with federal, state, and local regulations

Obtain goods and services efficiently and economically

Maximize full and open competition

Prevent fraud, waste and abuse



2 CFR 200.317-326, 7 CFR 225.17 for SFSP, 7 CFR 226.22 for CACFP, TDA CACFP Handbooks and TDA's SFSP Supplemental Handbook

“

***Federal
Money...
Spend it
properly.***

KEY TAKE AWAY



Questions



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