

Procurement Questions and Answers

1. Does interest earned on the non-profit school food account count as non-federal for meal price increase?

ANSWER: No. The definition of “revenue” for the non-profit food service account is **ANY AND ALL** funds received by the non-profit school food account (which includes meal reimbursements, student and adult meal payments, state and local funds, payments for ala carte items, returns because of discounts, rebates, incentives, etc. All moneys deposited in the nonprofit school food service account are considered federal funds in the NSLP/SBP.

2. Does the local model procurement policy count as SFA policy and procedure since that is what we are required to follow?

ANSWER: Public SFAs may follow their procurement procedures which reflect applicable state and local laws and regulations provided that the procurements conform to applicable Federal law and standards identified in **7 CFR Part 3016.36** and **Part 3016.60**. SFAs **MUST** compare their state and local requirements against the Federal requirements and follow the more restrictive. In cases where state and local rules are not consistent with Federal Requirements, the SFA must substitute the Federal Requirement if it is more restrictive.

3. I am confused between when to use state contracts versus coop bids versus IFB or RFP, etc. Can you provide more information and examples?

ANSWER: Please feel free to contact me at (502) 564-5625 so that we may discuss examples. As a general response, SFAs must ensure all federal procurements go through a competitive process. If you are utilizing a cooperative for your purchases, it is your responsibility to ensure the coop allows for full and open competition. If you are using a state contract that was issued by the Finance Cabinet, you can be assured the contract allowed for full and open competition. If you need a product or service, I would recommend you first check to see if it is available on a state price contract. If not, check to see if the product is available on a contract that was put out for bid by your cooperative. If the product or service is on neither a state contract nor a coop contract, you need to follow proper procurement procedures.

If you can provide a specific description for the item that you can use an informal procurement process, if allowed by your local or state procurement rules and the purchase price will be less than the small purchase threshold, or you would proceed with an Invitation for Bid (IFB). IFBs are normally used for goods or tangible items. If you **CANNOT** provide a specific description and would like a vendor to provide you a proposed solution, you would proceed with a Request for Proposal (RFP).

4. Split Purchasing -- What about produce when prices change weekly?

Produce, like everything else, should be bid. Even though prices may fluctuate weekly, forecasting should be used to calculate the expected annual cost. If the cost is not expected to exceed the small purchase threshold, it could be purchased using the Small Purchase (informal) method. If it is expected to exceed the small purchase threshold, it could be purchased using the Competitive Sealed Bid method. When in doubt, it would be safer to use the IFB method.

5. Are rebates non-federal funds?

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6. Are revenues from catering non-federal funds? ANSWER: No. The definition of “revenue” for the non-profit food service account is **ANY AND ALL** funds received by the non-profit school food account (which includes meal reimbursements, student and adult meal payments, state and local funds, payments for ala carte items, **returns because of discounts, rebates, incentives, etc.** All moneys deposited in the nonprofit school food service account are considered federal funds in the NSLP/SBP. Also, if the source money is from the non-profit food service account all revenues generated from those source funds must be deposited the food service account and would be considered federal funds.

7. What is the proper procurement policy for produce?

Produce must be purchased allowing for full and open competition. The procurement method doesn't depend on the item being purchased as much as the expected dollar amount. The Farm Bill, however, allows you to apply a geographic preference as defined by FNS in the Final Rule titled Geographic Preference Option for the Procurement of Unprocessed Agricultural Products in Child Nutrition Programs published April 22, 2011; all purchases must still go through a competitive process.

8. Does using a coop eliminate the need for bids?

ANSWER: No – Even if you utilize a coop to process your purchasing, the coop must follow the procurement guidelines and it is your responsibility to ensure the program requirements are met.