

# School Procurement Guide

## Regulations Review

This section will review the Federal Regulations related to procurement using Micro-Purchasing and Small Purchase Procedures procurement methods.

In 2014 the Federal Office of Management and Budget, Council on Financial Assistance Reform (COFAR), published the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at Title 2, Code of Federal Regulations (CFR) 200. This regulation establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. A non-Federal entity is a School Food Authority (SFA) participating in the National School Lunch Program/School Breakfast Program (NSLP/SBP) or Program Sponsor for a component of the Child and Adult Feeding Program (CACFP).

**Micro-purchasing** is defined in 2 CFR 200.67 as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). The current threshold at the time of publishing is \$15,000.

**Small purchase procedures** defined in 2 CFR 200.320(b) are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

**Simplified acquisition threshold** is defined in 2 CFR 200.88 and means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908. As of the publication of this part, the simplified acquisition threshold is \$350,000.

***Both of these methods of procurement, micro-purchasing and small purchase procedures, cannot be used by an SFA or program sponsor unless the procedures for utilizing, one or both of, them are included in the entities' own documented procurement procedures as required in 2 CFR 200.318(a).***

### Procurement Procedures

According to 2 CFR 200.319(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum

essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

## Micro Purchase Procedures

*A school may make a purchase up to \$15,000 for agricultural products from farmers, co-ops, food hubs or produce distributors. Micro purchases are documented as a single purchase and include specifications, terms and conditions, and the total cost. While micro-purchases are allowable, program operators should consolidate purchases, as appropriate, to achieve the most economical procurement approach. This means that combining multiple micro-purchases into a small purchase, sealed bid/ competitive proposal purchase may sometimes save the SFA or operator money or administrative work. The micro-purchase threshold may not be used in lieu of applicable procurement methods that may achieve a more economic approach.*

### **How does a school food authority or program sponsor use micro-purchasing for procurement?**

A Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (\$200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR 200.320(a)).

A micro-purchase is an optional procurement method allowing schools to make purchases up to \$15,000 *or the local restriction* without soliciting competitive quotes for the aggregate value of the single purchase.

1. Review existing contracts with distributors to ensure language to purchase off contract is included in the agreement for the item/service you wish to procure.
2. Develop written specifications to be communicated to a qualified vendor. Goods and services must be quoted at a *fixed price*. 2 CFR 200.319(c)
3. Document the price quote from the vendor using the Purchase Documentation Worksheet or a similar method of documenting the price. The school food authority must determine if a quoted price is considered reasonable. a. If the price is not reasonable, the SFA or program sponsor may need to contact another vendor. If this occurs, the SFA or program sponsor is no longer using micro-purchasing, but is now using small purchase procedures and may use the Small Purchase Procedures Worksheet to document additional steps for completing a small purchase procedures procurement.

### **What to Avoid when making a micro purchase.**

- SFAs and program sponsors may not deliberately purchase small quantities or divide one purchase into smaller purchases; they must stay within their micro purchase threshold limit.
- SFAs and program sponsors may not use the same vendor for each micro purchase when other qualified vendors are available. Micro purchases are intended to be distributed equitably among qualified vendors.

# Micro-Purchase Documentation

***This document is used for Micro-Purchase Procedures for the purchase of unprocessed agricultural products only***

## **PRODUCT SPECIFICATIONS**

Be as clear and concise as possible. Determine in advance of speaking with any potential vendor what you expect the highest quality of the product to be after it is delivered.

## **DELIVERY REQUIREMENTS**

Specify the number of schools the vendor will deliver to and expected timeframes for delivery. When working with local vendors, consider the option to have a centralized delivery location.

## **SCN Micro-Purchase Log**

### **Micro-purchases for Child Nutrition Programs**

Use this log to document purchases made using micro-purchase procedures.

- Micro-purchase procedures may be used when a purchase transaction is below the SFA's established micro-purchase threshold and is purchased from a responsible supplier whose prices are determined to be reasonable. Micro-purchases must be spread amongst vendors to the greatest extent possible. Multiple purchase transactions of a like category of items must be distributed equitably among qualified suppliers. The categories of like items (office supplies, other supplies, general food and beverage, produce, and others) are representative of common categories of items purchased. Category names should be revised to reflect the categories of like items purchased by the SFA when micro-purchase procedures are used.

## **Directions**

For each Micro-Purchase transaction provide the following information in the corresponding column:

- Purchase Date: Record the date the purchase was made.
- Purchase Item Categories: Identify the purchases under the corresponding purchase item category. This can be accomplished by identifying the invoice number corresponding to the purchase along with a brief description, listing or describing purchases, or referencing any other documentation maintained that identifies this information.
- Vendor Name: Record the name of the vendor for this purchase.
- Purchase Amount: Record the amount of the total purchase.
- Reasonable Price Determination: Check the box to indicate how the price was determined to be reasonable.

Micro-Purchasing Log							Reasonable Price Determination Key	
							PK= Personal Knowledge MR= Market Research HP= Historical Purchases	
SFA/School				Year				
Date	Office Supplies	Other Supplies	General Food and Beverage	Produce	Other	Vendor Name	Purchase Amount	Reasonable Price Determination
								PK MR HP
								PK MR HP
								PK MR HP
								PK MR HP
								PK MR HP
								PK MR HP
								PK MR HP
								PK MR HP

# Simplified Acquisition

*Use of the simplified acquisition method (informal procurement) for local food purchases ensures: fair competition among growers; federal and state regulations are met and products may be more cost-effective than micro-purchasing; therefore, districts can consistently purchase large amounts of local product for seasonal menus. The state established small purchase threshold allows the use of the informal procurement method to buy unprocessed agricultural products when total purchases from a single vendor do not exceed **\$350,000 per purchase**.*

## Simplified Acquisition Method

**PRODUCTS REQUESTED:** The school food authority must determine products, specifications and projected value of the total purchase before soliciting vendors. Once the desired items, specifications and the projected cost are determined and do not exceed the small purchase threshold/Simplified Acquisition Threshold, contact vendors to get price quotes. In the product description table, state the product items you are interested in receiving. List all products and requested variety, quantity, time frames and preferred packaging. Child Nutrition Programs can expand a list of produce items to solicit vendors in an excel document.

**PRODUCT SPECIFICATIONS:** School food authorities may not procure products until all specifications are determined. Select product specifications by checking the box next to the written specification or write in one of your own. Per federal regulations, specifications must be fair and competitive, and not unduly restrictive 2 CFR 200.319(c). Specifications may be written on a separate sheet of paper and attached to the Small Purchase Procedures document if additional space is needed.

**LOCAL** may be considered a specification. 7 CFR 210.21(g)(1), 215.14a(e), 220.16(f)(1), 225.17(e)(1), and 226.22(c)(1).

**PROVIDE PRODUCT DESCRIPTIONS AND SPECIFICATIONS TO VENDORS:** Small purchases are frequently referred to as “Three bids and a buy.” Attempt to find at least three vendors that may include farmers, produce distributors, co-ops or food hubs. Provide product specifications to each vendor. Products requested and specifications may be mailed, emailed or communicated over the phone. Vendors must be aware of all specifications before supplying a quote.

## Document Vendor Information

Use the vendor information chart in the Small Purchase Procedures Worksheet.

**PRICE QUOTES** Contact vendors to receive price quotes for specified products. At least two price quotes are required the USDA recommends receiving three quotes. All quotes must be documented when using small purchase procedures. If you are unable to find three vendors that met your specifications, provide documentation for the reasons why more vendors were unable to be found. Specifications may be evaluated to find if the provided specifications are overly restrictive.

## Document Quotes and Award Contract

**AWARD CONTRACT** The contract will be awarded to the vendor who is responsive, responsible, and can provide the product sought at the lowest price. If two vendors meet all specifications, the vendor with the lowest price wins the bid. The school food authority will manage contracts and document product quality, price and compliance to ensure vendor responsibility.

**FORMAL CONTRACT** If a formal contract is being awarded, the contract must contain all of the necessary clauses and requirements required for a contract(s) those required in formal procurement, including the appropriate language cited in 2 CFR 200.326.

# Small Purchase Procedures Worksheet

***This document is used for Small Purchase Procedures for the purchase of unprocessed agricultural products only***

## **PRODUCT DESCRIPTION**

Be as clear and concise as possible. Remember to include the number of deliveries requested and preferred packaging. Determine in advance of speaking with any potential vendor what you expect the quality of the product to be after it is delivered (clean of field debris, time of day for delivery, GAP certification documentation, grade, value added processes, etc.).

## **DELIVERY REQUIREMENTS**

Specify the number of schools the vendor will deliver to and expected timeframes for delivery. When working with local vendors, consider the option to have a centralized delivery location.

## **PRODUCT SPECIFICATIONS**

The specifications table below lists examples of product specifications tailored for local products. Determine the product specifications you want from a vendor. Place a check in the box beside the desired specifications or write in your own specifications. Communicate all selected and written specifications with farmers, produce distributors, co-ops or food hubs over the phone, by mail or through email. Local preference may **not** be used as a specification.

**Save this for reference and procurement review documentation.**

**The Record of Small Purchase Procurement must be used to document specifications, vendor contact information, bid or price quote information, and the evaluation and selection to award the purchase.**

**Record of Small Purchase Procurement**

Supplier Name:		Supplier A: Bob's Company			Supplier B: Mary's Company			Supplier C: Pat's Company			
<b>Items to be Purchased:</b> <ul style="list-style-type: none"> <li>Product specifications</li> <li>Delivery Frequency: <u>one time delivery</u></li> <li>Bid will be honored for: <u>two weeks</u> (school will state time period)</li> <li>Evaluation for Award is based: total bid price.</li> </ul>		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 (✓)
1.	Applesauce 6/10 cans	30	15.75	472.50	<input type="checkbox"/>	16.50	495.00	<input type="checkbox"/>	15.00	450.00	<input type="checkbox"/>
2.	Pineapple 6/10 cans	10	16.25	162.50	<input type="checkbox"/>	17.50	175.00	<input type="checkbox"/>	18.00	180.00	<input type="checkbox"/>
3.	Cranberry Sauce 6/10 cans	5	25.25	126.25	<input type="checkbox"/>	21.75	108.75	<input type="checkbox"/>	23.50	117.50	<input type="checkbox"/>
4.	Peaches, Freestone, (Halves) 6/10 cans	30	22.25	667.50	<input type="checkbox"/>	21.50	645.00	<input type="checkbox"/>	22.75	682.50	<input type="checkbox"/>
<b>Total:</b>			\$1433.25			\$1423.75			\$1430.00		
<b>*Bidder Selected (BS)</b>		<input type="checkbox"/>			<input checked="" type="checkbox"/>			<input type="checkbox"/>			
<b>*Bidder Selected (BS); SFAs may award all items to one bidder (lowest total price) or award purchases on a line item basis (lowest line item price). Schools can state that either option may be used by the school to award the purchase.</b>											
<b>Method of contact: Phone, Fax, Email or In Person</b>		Fax			Phone			In Person			
Name of person providing bid:		Bob			Mary			Pat			
Date contacted:		July 11, 2012; Faxed in bid - Bid sheets attached			July 10, 2012; Price given per phone. - Confirmed in writing and attached			July 13, 2012; Visited store and obtained prices. - See price sheet			
Additional Notes:		Bob said their fresh fruit and vegetables are more competitively priced than canned goods.			Best overall pricing; Mary stated that they will have a clearance special going on in October.			Pat said that delivery costs have increased but that in November they will have a new distributor and pricing.			
Signature of person completing this form: Sam Anderson									Date: July 15, 2021		

## Record of Small Purchase Procurement

Supplier Name: _____										
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 (✓)
<ul style="list-style-type: none"> <li>Product Specifications.</li> <li>Delivery: _____</li> <li>Bid will be honored for: _____ (number of day(s)/week(s)/month(s)) (school will state time period)</li> <li>Evaluation for Award is based on: _____ (line item or total bid price)</li> </ul>										
1. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
2. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
3. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
4. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
<b>Total:</b>		\$			\$			\$		
*Bidder Selected (BS)			<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>	
*Bidder Selected (BS); SFAs may award all items to one bidder (lowest total price) or award purchases on a line item basis (lowest line item price). Schools can state that either option may be used by the school to award the purchase.										
<b>Method of contact:</b> Email/Fax/Mail/In person/Phone										
<b>Name of person quoting pricing:</b>										
<b>Date contacted:</b>										
<b>Additional Notes:</b>										
Signature of person completing this form: _____								Date: _____		

<b>Name of bidder selected:</b> _____ <b>selected was notified on:</b> _____ (If notification was in writing attach document to the procurement log/evaluation matrix)	<b>Bidder</b>
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# Product Specifications



## **PRODUCT SPECIFICATIONS**

The specifications table below lists examples of product specifications tailored for local products. Determine the product specifications you want from a vendor. Communicate all selected and written specifications with farmers, produce distributors, co-ops or food hubs over the phone, by mail or through email. Local preference may be used as a specification.

<b>Specification Worksheet</b>	
Item Name:	Strawberries of local variety such as Chandler or a comparable variety
Description (variety):	Fresh, clean, bright and solid red color with very little green or white; green caps fresh looking; no mold or leaky, damage berries
Size:	U.S. Combination (65% No. 1 3/4" diameter and No. 2 5/8" diameter)
Grade/Standard:	U.S. Combination
Pack Size/Weight:	12 pints to a flat or packed by the pound in a clean unused box that is stackable. If a using a used box it must be in good shape lined with a clean new plastic liner.
Price Quote: (by lb., dozen, case)	Quote by the flat or if boxed by the pound
Ripeness: (Maximum/Minimal level of ripeness that will be acceptable)	Fully field ripened
Delivery/Frequency:	Weekly Delivery beginning May 3 2021 through May 2022 to every location upon produce availability Prefer early weekdays (Monday, Tuesday) Delivery times between (8:00 a.m. – 12:00 noon) Delivery must be inspected by food service staff and invoice signed by both parties
Growing Preference:	Tiered Preference Given Tier One – grown within county Tier Two – grown within 50 miles Tier Three – grown within state &/or 100 miles of Kentucky border
Other:	Delivered within 24 hour of harvest

<b>Specification Worksheet</b>	
Item Name:	
Description (variety):	
Size:	
Grade/Standard:	
Pack Size/Weight:	
Price Quote: (by lb., dozen, case)	
Ripeness: (Maximum/Minimal level of ripeness that will be acceptable)	
Delivery/Frequency:	
Growing Preference:	
Other:	