



**COLORADO**  
Department of Education

## Colorado Procurement Review

How do I prepare?

School year 2016-2017

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### Objectives

- **USDA Procurement Review Objective:** Participants will be able to successfully complete the USDA Procurement Review.
- **Professional Standards Learning Objective (2400):** Employee will be able to effectively and efficiently implement purchasing procedures and practices in order to appropriately and best utilize supplies and USDA Foods to meet menu requirements and comply with all Federal, State, and local regulations.

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### Definitions and Acronyms

- **CDE OSN:** Colorado Department of Education Office of School Nutrition.
- **LEA (local education agency):** your district or charter school.
- **Procurement:** multi-step competitive process to obtain most responsive products and services at best price.
- **SFA (school food authority):** the district or charter school that operates the School Nutrition Programs within the LEA.

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## Overview

- CDE OSN is required to monitor SFAs to ensure all contracts meet Federal statutes/executive orders, and ensure federal regulations are followed (7 CFR 210.21(c)).
- Requirements (2 CFR 200) apply to all federal grants
- Procurement reviews will be in the same cycle as the Administrative Review (AR) but reviewed separately
- Procurement review may occur off-site or off and on-site
- All **SY15-16** foodservice procurement will be reviewed

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## Why is there a new review?

- **Procurement**
  - is a major responsibility of each SFA – almost half of SFA reimbursement (>\$188 M statewide)
  - has a major impact on financial stability of the SFA's nonprofit school food service account
- **SFAs are required to**
  - follow federal, state and local rules for free and open competition to procure any goods and services
  - monitor their contractors to ensure all contract provisions are carried out

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## CDE Procurement Review Process

CDE sends procurement off-site questions to SFA to complete

SFA completes off-site questions and submits to designated email



CDE uses USDA chart to determine sample of contracts to review

SFA submits requested documentation



CDE Reviews documentation sent in by SFA

Focus of review is on four areas of the selected contracts

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## Focus Areas

The USDA has stated that the focus of the procurement/contract review by CDE will be in the following areas:

1. Written Standards of Conduct
2. SFA's Contract:
  - a) Solicitation
  - b) Evaluation and Award
  - c) Management



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## Steps to completing the off-site portion of the review:

The SFA/LEA needs to submit:

- General ledger summary with totals by each food service vendor for SY 15-16
- Purchasing/Procurement Procedures
- Standards of Conduct
- Completed off-site questions

Email completed questions and copies of required materials to [NutritionProcurement@cde.state.co.us](mailto:NutritionProcurement@cde.state.co.us)

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## Procurement Questions

- Has the district submitted the financial data for school year (SY) 15-16 to CDE via data pipeline?
- If not, has the financial audit been completed for SY15-16 and posted on the district's website?

*You will need to provide a copy of the district's financial audit for SY15-16 if pipeline data not yet submitted. This is required to confirm all food and other purchases charged to the non-profit school food service fund.*

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## Procurement Questions

### ■ What is the SFA/LEA's capital equipment threshold?

- The federal capital equipment threshold is \$5,000
- A local threshold can be set at a lesser amount
- Please check the SFA's policy and list the threshold amount

*\*Capital equipment purchase from Fund21 must have prior approval from CDE (2 CFR 200.313 (c))*

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## Procurement Questions

### ■ What is the SFA's small purchase threshold? List amount

- Federal and state small purchase threshold is \$150,000
- Formal procurement procedures would need to be used for anything that cost more than \$150,000
- If a local small purchase threshold is more restrictive, this threshold would need to be applied

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## Procurement Questions

### ■ Does the LEA/SFA have a signed agreement with a school food service purchasing cooperative (co-op)?

- If the SFA purchases food and/or supplies with a group purchasing organization, co-op or combines with other schools, please list the groups and the annual amount spent with each group.
- Submit a copy of the SFA co-op agreement

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## What are the SFA's procurement policies and procedures?



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## Written Standards of Conduct

- Does the SFA/LEA have written codes of conduct that include prohibiting conflicts of interest for employees engaged in selection, award, and administration of contracts?
  - Does the code of conduct prohibit soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts?
  - Does the code of conduct include disciplinary actions for violations?

*Submit copies of the above from the district and board policies*

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## Procurement Procedures & Procurement Practices

- Does the LEA/SFA have documented Procurement Procedures?
- Do they include:
  - a) Requirements to conduct cost or price analysis for all formal bids and/or contract modifications?
  - b) Steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible?

*Submit copies of above*

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## Contract Management



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## Procurement Questions: Contract Management

- How does the SFA/LEA ensure the contractor complies with all contract provisions prior to approving contractor invoices for payment?

*Explain how the SFA monitors that all contract provisions are followed before invoices are paid.*

*What are the procedures to ensure this?*

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## Procurement Questions: Contract Management

- How does SFA confirm that vendors have not been debarred, suspended or otherwise excluded or ineligible for participation in Federal programs or activities?

*All SFAs must verify that the vendor(s) have not been debarred, suspended or otherwise excluded or ineligible for participation in Federal programs or activities. There are three methods to use:*

- (a) Check <https://www.sam.gov/portal/SAM/#11> or
- (b) Collect certification from vendor; or
- (c) Add clause/condition to the covered transaction with vendor

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## Procurement Questions:

### USDA Foods Processing Information for SY 15-16:

- All processor names
- Amount diverted to each processor
- Amount credited by each processor

Complete the following table for all Processed USDA Foods:

Processor Name	Amount Diverted	Amount Credited	Difference (if negative, all diverted USDA Food was not credited)
Chicken Little Company	\$10,000	\$9,700	-\$300

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## Review of LEA/SFA's Purchasing and Solicitations in SY15-16

Information for all school food service purchases from SY15-16

- Category of purchase: food by type (milk, bread, groceries, produce, etc.) supplies, equipment, services, contractors, and others
- Name of each vendor in each category –adjust drop boxes as needed
- Amount spent by vendor in category – a single vendor might cover several categories

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## Summary of all SY15-16 Food Service Purchases

- Type of purchase: Informal, bid, RFP or micro purchase followed by questions specific to purchase type.
- Number of vendors contacted and number of responses.
- Contract start date and any renewals or changes.
- Method for vendor selection.

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## What comes next?



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## Next Steps

- SFA emails completed off-site questions, copies of Procurement Procedures and Standards of Conduct to [NutritionProcurement@cde.state.co.us](mailto:NutritionProcurement@cde.state.co.us)
- CDE OSN will review off-site question responses
- CDE OSN will notify the SFA which contracts have been selected for review
- SFA will submit a copy of the solicitation, the awarded contract, and amendments made to the awarded contract

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## What will CDE Review?



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## Solicitation Review

- SFA Solicitations will be requested for review per the USDA selection chart
- CDE OSN will assess SFA selected solicitation documents according to federal procurement requirements
  - Refer to handout "Procurement Review Questions and checklist" for required criteria
- CDE OSN will send a report with technical assistance and any corrective action to the SFA

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## Results from SY 15-16 Pilot review

### Areas that might need updating and improved documentation:

- Code of conduct doesn't include disciplinary actions for violations
- Missing steps to use small, minority and women's businesses enterprises and labor surplus firms when possible
- Showing that a cost/price analysis was conducted to estimate the cost of goods or services prior to soliciting? *Minimum: independent estimates made before receiving bids or proposals.*
- Steps ensuring compliance with "Buy American" regulation
- Documentation of CDE approval of single source proposals
- Prior approval documents for capital equipment purchase
- Lack of competitive purchasing for all purchases

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## How can you prepare?

Download and Review "Procurement Review Questions and Checklist" to understand what information will be needed by CDE to complete the review

### Questions?

- Email: [NutritionProcurement@cde.state.co.us](mailto:NutritionProcurement@cde.state.co.us)
- Visit: <http://www.cde.state.co.us/nutrition/osnprocurement>

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