



Food and
Nutrition
Service

DATE: August 19, 2019

MEMO CODE: SP 33-2019 - revised

Park Office
Center

SUBJECT: Updated Template: Local Agency Procurement Review Tool for
School Food Authorities Beginning in School Year 2019-2020

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TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides information on the Food and Nutrition Service (FNS) updated template Local Agency Procurement Review Tool (Tool) for use in school year (SY) 2019-2020. While the concepts of the original Tool remain the same, the updated Tool is now streamlined to reduce burden, consolidate questions, clarify instructions, and improve functionality for school food authorities (SFAs) and state agencies. Tool updates are summarized in the Table of Updates attached. The revised procurement review 3-step process and tools, as announced at the School Nutrition Association Annual National Conference, will be released in fall 2019.

Implementing the Tool in SY 2019-2020 Procurement Reviews

State agencies may implement the updated Tool or modify/develop a State agency tool that meets FNS standards and submit their tool to the appropriate Regional Office for review and approval prior to implementation. The due date for sending a State agency tool will be established by each Regional Office. FNS expects State agencies currently conducting procurement reviews using the revised Tool posted on October 6, 2016, to transition to the updated Tool for reviews commencing by or before July 1, 2020. State agency use of the Tool and oversight documentation will be evaluated during FNS Management Evaluations.

Training on the updated Tool will be conducted by webinars to be announced on PartnerWeb and during face-to-face trainings at stakeholder conferences, or as requested and scheduled through the Regional Offices. State agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office.

Original Signed

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Director
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Attachment

**Attachment: Table of Updates
Template Local Agency Procurement Review Tool**

Review Tab	Update		
SFA procurement table	<ul style="list-style-type: none"> • [NEW] Sections for SFAs to designate market basket analysis and group purchasing entities, if applicable, and for each procurement method used; • Space for the # of purchases from vendor (s) • [NEW] Attestation of compliance when SFAs want to self-certify compliance with Federal procurement standards • [NEW] “<i>Select for Review</i>” at least one vendor must be selected for questions to appear in each tab. 		
Procurement Selection Chart	<ul style="list-style-type: none"> • [NEW] State agency instructions; new selections for market basket and Third-party entities. 		
State agency instructions tab	<ul style="list-style-type: none"> • [NEW] Language or when instructions have been clarified; • [NEW] Checklist of documents (located at the end of the instructions) 		
SFA Instruction tab	Draft # Qs	Current # Qs	Same as State agency instructions
Procurement tabs <ul style="list-style-type: none"> • General Standards • Micro-purchase • Small purchase • Formal Procurement (IFB & RFP) • FSMCs (renewal yr.) • Processing TOTAL	<p align="center">5</p> <p align="center">4</p> <p align="center">9</p> <p align="center">46</p> <p align="center">11</p> <p align="center">28</p> <p align="center">103</p>	<p align="center">2</p> <p align="center">5</p> <p align="center">9</p> <p align="center">22</p> <p align="center">22*</p> <p align="center">8</p> <p align="center">68</p>	<ul style="list-style-type: none"> • [NEW] Feature added on the SFA Procurement Table that enables questions to auto-populates in each applicable tab, if selected for review by the State agency; • [NEW] designates new language or when instructions have been clarified; • [NEW] questions on market basket and group purchasing entities; • [REWORDED] existing questions within the small and formal tabs, in particular, to consolidate multiple questions in one question into one single question; • FSMC tabs: (see below) • Processing tab: (see below)
2 FSMC review tabs	<ul style="list-style-type: none"> • [NEW] FSMC renewal: added questions for oversight of SFA responsibilities in 7 CFR 210.16 and USDA Foods, for use in 3-year review as required by 7 CFR 210.19(a)(5). • SA Pre-approval: same, use tab when reviewing/approving the original SFA-FSMC contract prior to execution. • [REWORDED] Clarified instructions in each FSMC tab. 		
Processing review tab	[NEW] Uses the applicable procurement methods tab, small purchase or formal procedures, AND the Processing tab when reviewing contracts for USDA Foods processed-end products.		
Summary of Findings	[NEW] Auto-populates with a separate findings page/vendor		
[NEW] Word-version	Same Local Agency Procurement Review Tool as the Excel version, now available in Word.		

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

Comprehensive Procurement Review Tool: State Agency Instructions

New information, instructions, questions, and changes throughout the Tool are designated in red font or with [NEW] OR [REWORD] in the leading language.

Purpose/Overview

The purpose of a comprehensive procurement review tool (Tool) is to provide State agencies with a resource for **assessing compliance with procurement standards when** a comprehensive procurement review is required. State agencies have the option of **conducting a comprehensive procurement review of all school food authorities (SFAs) in every procurement review cycle, or adopting the revised procurement review process which includes self-certification, risk assessment, and/or comprehensive review.** When adopting the revised procurement review process, a comprehensive procurement review is required for each SFA that:

- **Expends over \$750,000 in Program funds;**
- **Contracts with third-party entities;**
- **Did not receive a procurement review in the prior State agency procurement review cycle;**
- **Identified the risk of non-compliance in the risk assessment; or**
- **Requests a procurement review in lieu of self-certification at least once in every other State agency procurement review cycle.**

If the State agency determines the SFA is not compliant with Federal procurement requirements, lacks documentation to support the history of its procurement processes, or fails to use the required procurement methods, etc., there is no need to complete the Tool. The State agency will document this lack of procurement documentation, provide technical assistance, establish findings, require a corrective action plan, as identified below, and work with the SFA to achieve compliance. The State agency will document all efforts and the technical assistance provided.

This Tool includes questions, regulations, and resources for evaluating **SFA procurement** processes to assess compliance, capture technical assistance, establish findings, and require corrective actions, as applicable. As with the prior version of the Tool, State agencies may use this Tool or develop/modify a State agency review resource and submit its procurement review tool to the appropriate FNS Regional Office for review and approval **prior to implementation.**

[NEW] SP39-2017 *Local Agency Procurement Reviews for School Food Authorities* dated June 30, 2017, established flexibilities allowing State agencies to conduct procurement reviews on the same 3-year cycle as the Administrative Review (AR), or to conduct these reviews on an alternate cycle and notify the appropriate Regional Office. Please note the review requirement in 7 CFR 210.19 (a)(5) for State agency's to monitor SFAs that contract with a food service management company (FSMC) remains current.

When using this Tool, State agencies may add questions to ensure compliance with State procurement regulations that may be more restrictive than Federal requirements. States may tweak the **Tool** questions **pertaining to Federal requirements** to clarify them; however, States may not change the meaning of the questions or otherwise amend questions in such a way as to alter the intent.

The State agency has the discretion to conduct the procurement reviews off-site, on-site or off-site/on-site as long as all documentation can be obtained as needed for review. State agencies are to review all SFAs as planned in the State's procurement review cycle.

Steps to Conducting a Comprehensive Procurement Review. Each step is intended to successfully guide the State agency through the review process to assess compliance with Federal procurement standards. The State agency will:

- **Step One:** Schedule a comprehensive procurement review when required. A comprehensive procurement review is required at least once during every other **State agency procurement review** cycle. **SFAs contracting with a Food Service Management Company (FSMC) require a comprehensive review at least once in each 3-year period per 7 CFR 210.19(a).**
- **Step Two:** Obtain procurement documentation from the SFA and review the information to select the procurement procedures and vendors for review. **(A checklist of documents that may be applicable to the review is found at the end of these instructions.)**
- **Step Three:** Assess compliance with Federal procurement standards by reviewing SFA documentation (solicitations, contracts, invoices, etc.) to answer the questions.
- **Step Four:** Provide technical assistance, establish findings, and require corrective action, as applicable.
- **Step Five:** Notify the SFA of the procurement review results **and as with the AR, when findings and corrective action are required, the State Agency will obtain documented corrective action before closing out the review.** All tools and documentation to conduct procurement oversight will be review during the State Agency's Management Evaluation conducted by FNS.

STEP ONE: Schedule a Comprehensive Procurement Review

State agencies will schedule comprehensive procurement reviews as planned in their State agency procurement review cycle to **ensure each SFA receives a comprehensive procurement review when required.** **Once the review schedule is planned, the State agency will:**

- Establish a timeframe for the review. Many State agencies recommend contacting the SFAs at the start of the school year. Advance notice enables SFAs to prepare all documentation needed and schedule their work to be accessible to the State agency during the review. State agencies may also establish a timeframe by which the documentation will be received.
- Notify SFAs receiving a procurement review and identify the information needed. Notification may be by a telephone call, email, or letter, the same manner as when conducting other oversight review processes, and include the method the State agency will use to conduct the review, off-site or on-site, or a combination of both. Actual plans may be determined once the information is received and reviewed by the State agency.
- Schedule the procurement review. The review may be scheduled at the same time as the AR, or may be conducted as a separate review **depending on the State agency's planned procurement review cycle.** When the review is conducted as a separate review process, the SFA should be notified at least 30 days prior to the review. When scheduled, include the:
 - Date for the return of the completed SFA Procurement Table; and
 - SFA vendor paid list (i.e., a summary report **of vendors paid using Program funds.**) **This report will be referred to as vendor paid list throughout this instruction. The State agency has the discretion of using the previous school year or current school year when reviews are conducted late in the year.**
- Begin inputting review information into the review tool. If the State agency uses the FNS Tool, the State agency or the SFA, will complete the tab titled, "SFA Procurement Table", save the file, and provide the State agency with the completed SFA Procurement Table and vendor paid list.
 - If the State agency received approval to use an alternate review tool, the SFA procurement information is to be organized to ensure all procurement methods used by the SFA are reviewed. The FNS Tool uses the "SFA Procurement Table" tab to obtain this information. From this information, the State agency will select various vendors for review.

In lieu of providing the SFA Procurement Table for the SFA to complete, the State agency may obtain a vendor paid list and input the data **into the SFA Procurement Table** for the SFA in the applicable procurement review tab:

- Micro-purchases (Used for purchases below \$10,000);
- Small purchases (Used for purchases below \$250,000);
- Formal Procurements (Invitations for Bid/sealed bids and Requests for Proposals/competitive proposals) (Used for purchases over \$250,000);
- FSMCs (2 tabs, one tab that allows the State agency to review base-year contracts prior to execution and one tab for FSMC contracts reviewed during applicable renewal years); and
- Processing contracts – not applicable when the State provides cash-in-lieu of commodities, or when the State Distributing Agency conducts the competitive procurement process on behalf of all recipient agencies (SFAs in the National School Lunch Program).

NOTE: *The State agency may identify vendors paid from the nonprofit school food service account for services such as pest control, utilities, trash collection, etc. If the SFA is charged these costs directly rather than indirectly, the State agency may select these for a procurement review. Determination for selection in a procurement review is not based on whether or not the SFA or Local Educational Agency (LEA) conducted the procurement procedures, rather the determination is based on whether the cost (pest control, trash, maintenance, etc.) is an indirect cost vs a direct cost. For additional questions on indirect cost vs direct cost, refer to SP60-2016 Indirect Cost Guidance, dated September 30, 2016 <https://www.fns.usda.gov/indirect-cost-guidance>.*

The State agency may provide the entire Tool to the SFA, only the SFA instructions, or only the SFA Procurement Table as a separate document. Please note that if the State agency sends only the SFA instructions and SFA Procurement Table to an SFA, the State agency will need to input the information it receives from the SFA into the Tool itself to prepopulate selected fields throughout the review instrument.

STEP TWO: Obtaining Procurement Information

TAB: SFA Procurement Table

The SFA Procurement Table tab is the only tab the SFA **may be asked** to complete prior to the State agency procurement review. The SFA Procurement Table details the procurement information the SFA conducted so the State agency can select a sample of procurements/contracts to review. **[NEW]** *The State agency has the discretion to review the procurement procedures in the prior school year, or the current school year, based on the time period of when the review is conducted, early in the school year or later in the year. One possible reason for conducting the review of the current school year is because the current procedures were changed from prior years. For example, if the SFA was self-operating in the prior year but currently contracts with a FSMC; or, the SFA changed from conducting its own procurements to using the services of an SFA cooperative, or contracted for an agent, etc., review current year procurement procedures.* The Table requests information about SFA procurement procedures using the **Federally-mandated** procurement methods above, FSMC contracts, and when procuring processors for processed end-products using USDA Foods.

In step two, the State agency will:

- Send **the FNS Tool with** the SFA Procurement Table to the SFA to answer questions and input information in the SFA Procurement table only.
- Request copies of the vendor paid list, written code of conduct, and documented procurement procedures. (Additional documentation of procurements selected for review will be requested following selection of vendors by the State agency).

[NEW] SFA Procurement Table Sections: The SFA Procurement Table is critical to the procurement review as this tab details the procurement personnel with whom the State agency will communicate to obtain documentation for the review, provide technical assistance, as needed, and require corrective action, if findings are established. The Table identifies SFA micro- and small purchase thresholds that may be more restrictive than Federal or State thresholds. This Table also enables vendors selected by the State agency for review to populate questions in the applicable review tab and further populate to a Summary of Findings tab, if applicable. *(This auto-populated feature is not available in the Word version of the comprehensive procurement review tool).*

The SFA Procurement Table now contains 2 **new** sections: 1) Market Basket Analysis for Evaluation of Contract Award and 2) Group Purchasing Efforts. These sections are added to capture information from SFAs using these procurement processes. The SFA will select “yes”, “no”, or “not applicable” to designate its use of these processes, then input additional information about these for the State agency to select these for review using the State agency “select for review” option. Information on these processes is found below.

[NEW] 1) Market Basket Analysis for Evaluation of Contract Award: SP 04-2018, *Market Basket Analysis for Evaluation of Contract Award*, dated January 18, 2018, explains how SFAs will use this process to be compliant with the procurement standards. In short, a market basket analysis is a method of evaluating a universe of goods based on a representative sample in relation to the estimated contract value, the addition of goods, if allowed, and the limit to the contract value when additions are allowed.

[NEW] 2) Group Purchasing Efforts: Per SP 05-2017, *Q&A Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Services*, dated October 19, 2016, a third-party entity includes State procurement agency agreements, inter-agency agreements, group purchasing organizations, group buying organizations, and third-party vendors. These entities may conduct procurement procedures for their members, but these procedures are not required to follow Federal procurement standards. Therefore, SFAs may consider prices from these entities as **one source** when conducting a competitive procurement process using Program and government-wide regulations. For the question on memberships with a **third-party entity**, if the response is “yes” to the question, “does the LEA/SFA pay a membership to...” (these entities), the SFA will provide the organization name, and list this vendor by name in the table, identify the method of procurement used for the purchase of goods and services, and the value of purchases made from this entity. This vendor will be selected by the State agency for review to determine if price was **one source** when the SFA procured goods and services using these entities.

Drop downs under most columns allow the SFA to select the answer that applies for each procurement/contract listed. Hover boxes provide additional guidance for the SFA about the information being sought via each cell within the SFA Procurement Table. If necessary, the SFA may add rows below each procurement type when additional space is needed due to the extensive list of procurements the SFA conducts. If the SFA adds additional rows in order to list more vendors than what is currently allowed for in the chart, these added rows/vendors will not pre-populate in the correct tab if selected for review by the State agency. In this instance, the State agency will need to manually enter the vendor name for the selected procurements in the appropriate review tabs.

The one column in the SFA Procurement Table that should not be used by the SFA is the State agency “Select for Review” column. This column is for State agency use only.

Tab: State agency Procurement Selection Chart (Used by the State agency to select vendor contracts procured by the SFA using various procurement methods.)

State agency Procurement Selection Chart

Using the Procurement Selection Chart and the SFA vendor paid list, the State agency will select SFA procurements that will be reviewed. The State agency will:

- Review the information provided in the SFA Procurement Table; and
- Compare the table with the vendor paid list provided by the SFA.

This comparison allows the State agency to determine if vendors are being **paid using Program funds** but not included by the SFA in the SFA Procurement Table.

If the State agency determines vendors are **paid using Program funds** but not included in the SFA Procurement Table, the State agency will contact the SFA to determine why the procurements were not included in the SFA Table and if the vendors were competitively procured using small purchases, sealed bids/**competitive proposals**, FSMC or processing contracts, as applicable. If the procurements were mistakenly omitted, the SFA or State agency will add them to the SFA Procurement Table for including in the review sample.

If the State agency determines no competitive procedure was used or the SFA may have procured goods or services in a noncompetitive manner—for instance, the SFA did not solicit bids from multiple sources when applicable, before making its purchases—the State agency will provide information about the purchases in the Comments section of the SFA Procurement Table, establish a finding and require corrective action. (See below Step #4: Providing technical assistance and establishing findings and required corrective action, as applicable.)

State agencies will use the information provided in the Procurement Selection Chart to select the number of SFA procurements to review using the criteria in the chart. The chart includes the required sample for each of the different types of procurements (micro-purchase, small purchase, etc.)

For example, if the SFA used sealed bids and requests for proposals in 12 procurements, the State agency will select **a maximum of 6** sample contracts for review. The contracts will include:

- **[NEW]** One sealed bid/request for proposal that used a Market Basket Analysis Evaluation for Contract Award, if designated in the SFA Procurement Table;
- **[NEW]** One sealed bid/request for proposal where a Third party entity contract was awarded, if designated in the SFA Procurement Table;
- One contract for which only one **response** was received, if applicable;
- **Three** additional/other contracts, prioritizing the selection of:
 - One high value contract resulting from an Invitation for Bid, if applicable;
 - One high value contract resulting from a Request for Proposals (RFP), if applicable **and/or one awarding a cost-reimbursable contract**; and
 - One amended contract, if applicable.

In summary, when the SFA uses all procurement methods: micro-purchase procedures, small purchase procedures, formal **procedures, and conducts the procurement of processors for USDA Foods**, the State will review the SFA's procurement procedures by the **applicable procurement method using the dropdown response "select for review" in the State Agency Review column in the SFA Procurement Table (see last column in each procurement method)**. **The State agency will then select from each category the appropriate number of contracts as identified on the Procurement Selection Chart tab.**

State agencies may select more contracts to review than required by the Procurement Selection Chart but they may not select fewer than the minimum number of contracts as detailed in the Chart. If the SFA conducts more procurement activities than space allows in the SFA Procurement Table, as stated above, contracts selected for review in those additional rows/columns may not pre-populate in the correct review tab. If the State agency

chooses to review these additional contracts, the State agency will need to add these additional vendors in the corresponding review tab as the information will not pre-populate into the applicable tab.

To conduct the procurement review, the State agency will answer the questions using the drop-down box in each tab. **The procurement method and a brief description of each is included below:**

- **Micro-purchase Method:** The State agency will review one or more vendors used for purchases below the micro-purchase threshold (below \$10,000, or more restrictive threshold). The reviewer will request documentation such as purchase orders and vendor receipts/invoices.
- **Small purchase procedures:** The State agency will review one or more vendors the SFA used to purchase goods or services valued below the small purchase threshold (below \$250,000, or most restrictive threshold). The reviewer will request documented price or rate quotes to ensure this procurement was conducted in a manner that maximizes full and open competition (2 CFR 200.320(b) and 200.319(a)). Additionally, purchase orders and vendor receipts/invoices will be reviewed to determine if the good/service solicited and the price quoted are what was purchased and charged to the nonprofit food service account.
 - **[NEW]** The reviewer will also determine compliance with the Buy American provision for food and food products. (*Applies to Program and non-program foods purchased with the nonprofit food service account.*) Domestic foods are produced and processed in the United States, and processed foods must contain over 51% domestic food components, by weight or volume. If the SFA approved an exception to purchase nondomestic foods when domestic foods are prohibitively costly or unavailable in quantities required, the documentation to support the exception must be maintained by the SFA.
- **Formal procurement by sealed bids or competitive proposals:** (Used for purchases above \$250,000, or most restrictive threshold). The procurements to review are prioritized as:
 - Cost reimbursable contracts;
 - Contracts with the greatest dollar value; and
 - Contracts with amendments.

Once the contracts are selected using the criteria above, if the SFA uses both a Request for Proposal (RFP) and an Invitation for Bid (IFB) to award contracts, selected contracts should include both fixed-price and cost-reimbursable contract types.

[NEW] As when small purchase procedures are used to purchase food, the reviewer will also determine compliance with the Buy American provision. (*Applies to Program and non-program foods purchased with the nonprofit food service account.*) Domestic foods are produced and processed in the United States, and processed foods must contain over 51% domestic food components, by weight or volume. If the SFA approved an exception to purchase nondomestic foods when domestic foods are prohibitively costly or unavailable in quantities required, the documentation to support the exception must be maintained by the SFA.

- **FSMC contracts:** Two review tabs are provided in the Tool: FSMC Renewal Year, which includes review questions for the State agency to use when reviewing SFAs for oversight of FSMC contracts in 7 CFR 210.16 during a renewal year, if not reviewed during the initial contract year; and a tab for State agency use for Pre-Approval of FSMC. This checklist that may be used by the State agency to review SFA-FSMC contracts (and all supporting documentation) prior to approving the SFA-FSMC contract for execution. State agencies have the discretion to use the SA Pre-Approval FSMC Checklist; the use of this tab is not required and should not be used during the course of an SFA's procurement review.

All SFA FSMC contracts reviewed are to be reviewed. **[NEW]** State agencies may consider reviewing SFAs with FSMCs in the base year of the contract to ensure the SFA evaluated vendor responses and awarded the contract as published and is properly monitoring the FSMC to ensure compliance with crediting for the value of USDA Foods in the year they are received (applicable in both fixed-price and cost-

reimbursable contracts) and when using a cost-reimbursable contract is awarded, ensures the FSMC returns discounts, rebates, and credits to the nonprofit food service account; credits are identified on invoices submitted for payment; the FSMC complies with an approved 21-day cycle menu; and food specifications comply with requirements to supply domestic foods, etc.

- **Processing contracts:** A procurement review of processing contracts is not required when the State Distributing Agency provides cash-in-lieu of commodities, or conducts the competitive procurement process for processors of USDA Foods on behalf of recipient agencies, **or procures processed end products using USDA Foods when procuring a commercial food distributor**. Using the selection chart, the State agency will review processing **contracts selecting** one contract if the SFA uses a **market basket analysis method to award contracts**, third-party entity, one contract when **solicitations resulted in** only one response was received, and from the remaining processing contracts, select a sample of different value pass-through systems, such as net off invoice, direct discount, fee-for-service, rebate, as applicable. **[NEW]** The State agency will use 2 tabs when reviewing contracts for processors of USDA Foods: **1)** The applicable procurement method tab, small purchase or formal procurement tabs **AND 2)** The Processing tab. Used for all contracts selected where processed end products are procured.

Documentation supporting the history of the procurement: **[NEW]** As stated above, if the State agency determines the SFA is NOT compliant with Federal procurement requirements, lacks procurement procedures, or documentation to support the history of procurement practices for any/all procurement procedures, required procurement method used, etc., there is no need to complete the Tool. The State agency will note this lack of procurement procedures/documentation, provide technical assistance and document findings, establish a corrective action plan, as identified below, and work with the SFA during this year to bring the SFA into compliance. The State agency will document these efforts and the technical assistance provided.

After the State agency selects the vendor contracts for review, the State agency will notify the SFA of the vendors selected and request all documentation pertaining to each. The State agency will request copies of the:

- Vendor paid list for the previous or current school year, at the State's discretion;
- Procurement procedures [CFR 200.318(a) and 7 CFR 210.21(c)];
- Written Code of Conduct [2 CFR 200.318(c) and 7 CFR 210.21(c)];
- Solicitation documentation (small purchase quotes and/or sealed bids/competitive proposals, as applicable, advertisements published, and other documents to detail its procurement history);
- Responses to SFA solicitations (vendor quotes, small purchase procedures, and vendor bids/offers for formal procurement procedures);
- Evaluation and scoring results used to select the contractor (for competitive proposals – RFPs);
- Final contracts awarded and contract notification documentation;
- Supporting documentation of vendor purchase orders, receipts/invoices selected for review (2 CFR 200.318(i)). The reviewer will examine three (3) receipts/vendor and has the discretion to request receipts/invoices as follows: Three invoices in one month; one invoice/month for a three month period; one invoice per price adjustment, when a price adjustment provision exists, etc.;
- Amended contract language, as applicable, to determine if a material change was created by an amendment; and
- Value of USDA Food Planned Assistance Levels (PALs) for processing contracts for self-operating SFAs and for SFAs with a FSMC.

If the State agency is able to obtain all necessary documentation off-site, the State agency may conduct the procurement review off-site. However, if the SFA is unable to provide the documentation electronically or in an otherwise acceptable format, the State agency will need to conduct the procurement review on-site to obtain the documentation to complete the review.

STEP THREE: Assessing Compliance with Procurement Standards

Once the State agency receives the documentation needed to assess compliance, the State agency will review the information to answer the questions in each review tab. Answers will be selected “yes, designating compliant” or “no, designating non-compliant” and “NA” for not applicable, as needed, and reviewers will add information in the “comments” box provided next to each question. When the answer identifies non-compliance, the reviewer will provide technical assistance, establish a finding, and require corrective action. In the Excel Tool, the question and any comments provided in the review tabs will auto-populate into the “Summary of Findings” tab specific for the review tab. State agencies using the Word version will need to copy and paste the question and comments into the “Summary of Findings” table located at the end of the procurement methods tables.

Assessing compliance entails reviewing the documentation and answering questions in each review tab:

- General Procurement Standards
- Micro-purchase method
- Small Purchase Procedures
- Sealed Bids/Competitive Proposals
- FSMC
 - Base year (as applicable) **[NEW]** This tab is not substantially changed as it continues to be for use when reviewing the original contract awarded as a result of the solicitation for an FSMC. However, the State agency will review the SFA procurement process (including all supporting documentation) prior to the approving the contract for execution. A review of all SFA procurement processes may be accomplished at this time to complete this SFA’s procurement review as part of the State’s plan for procurement reviews. (See 7 CFR 210.19(a)(5))
 - Renewal year - **[NEW]** For use when reviewing the SFA as required by 7 CFR 210.19(a)(5) (once during each three-year period). This review tab is changed to focus primarily on the SFA responsibilities of monitoring the FSMC including the return of discounts, rebates, and credits in cost-reimbursable contracts and USDA Foods credits to the nonprofit food service account for both fixed-price and cost-reimbursable contracts. This change may reduce State agency burden with SFA procurement reviews. The State agency will answer the questions in the FSMC tab AND review invoices submitted by the FSMC. Also, for fixed-price FSMC contracts, the State agency will determine the per meal cost established by the contract and if the payment method is being followed. For example, if the contract established the payment method as the actual number of reimbursable meals claimed/month plus meal equivalents or a la carte sales and other Program and non-program meals x the per meal cost rate, the Claim for Reimbursement and meal equivalent rate should be cross-checked to ensure the actual number of meals were paid as served and calculated. However, if the contract includes language allowing the SFA to pay the FSMC a monthly payment prorated based on the estimated cost of the annual contract, this is allowed as long as the SFA reconciles the actual amount owed against the amount paid prior to the end of the last payment in the contract year. This ensures the SFA is paying the actual cost of meals and meal equivalents served.
 - **[NEW]** For SFAs with FSMC contracts, the State agency should not assume the SFA purchases everything through the FSMC; rather they will determine if other purchases are made using the vendor paid list and review the procurement method used for these purchases. The same applies when the SFA purchases through a CN Cooperative or agent. The State agency will need to review the vendor paid list to determine if the SFA purchases other goods and services from other sources and how these purchases were competitively procured.
- Processing Contracts: **[NEW]** If the State agency only uses cash-in-lieu of commodities, a review of the processing tab is not applicable. This review tab is not required when the SFA competitively procures a commercial food distributor for commercial foods and includes processed end-products using USDA Foods. When processed end products using USDA Foods are processed using the fee-for-service value

pass-through method, the reviewer will use the applicable procurement methods tab, small purchase procedures or formal procurement, AND the Processing tab in the Tool. Prompts have been added in each tab to remind the reviewer of this process. The primary focus of this review is to ensure processors of USDA Foods are competitively procured and the SFA is receiving the planned assistance level assigned by the State Distributing Agency.

The procurement method tabs will be used to review SFA purchases from vendors based on the procurement method used. The State agency should insert comments/provide technical assistance and record this information in the applicable column. (See **Step #4: Providing technical assistance and establishing findings and required corrective action, as applicable.**) The State agency will review the SFA's procurement procedures and answer the applicable questions in each of the applicable review tabs to determine if the solicitation process used complies with the type of procurement method—micro-purchase, small purchase, etc.—being reviewed.)

STEP FOUR: Provide technical assistance, establish findings, and require corrective action, as applicable.

If findings of noncompliance are identified, these will be documented, technical assistance provided, findings established, and corrective action required. Corrective action can take various forms, to include:

- Amending contracts to remove unallowable provisions;
- Re-soliciting contracts to ensure contracts are awarded to the lowest responsive and responsible bidder/offeror most advantageous to the Program with price as the primary factor considered (2 CFR 200.320(d)) and SP 12-2016, CACFP05-2016 and SFSP09-2015 dated November 13, 2015.
- New solicitations and contracts will be finalized in time effective with the next Program year.
 - If a cost-plus a percentage of cost contract type is found, these contract types are prohibited by 2 CFR 200.323(d) and require a new solicitation.
- Attending State agency provided procurement training to increase knowledge of procurement standards; and
- Assessing additional action required to achieve required corrective action, if needed. This action will be assessed on a case-by-case basis, with assistance from the appropriate Regional Office.

[NEW] State agencies will maintain the results of all procurement reviews including all documentation for review by FNS during a Management Evaluation. Files may be retained manually or electronically.

STEP FIVE: State Agency Notifies SFAs of the Procurement Review Results

After completing the review, State agencies will notify SFAs in writing of the results of a procurement review in the same manner as used for the AR. Procurement reviews do not have the same transparency requirements as AR, though some State agencies may choose to post results.

Summary of the procurement review process

The State agency has the discretion to conduct the procurement reviews off-site, on-site or off-site/on-site as long as all needed documentation can be obtained and reviewed by the State agency. **State agencies have the flexibility to establish their procurement review cycle.** The procurement review may be conducted as part of the AR, or as a separate review, as determined by the State agency. In addition to reviewing solicitation documents, State agencies will review bidder/offeror responses **and supporting documentation**, contract award documents, and vendor invoices/receipts to ensure full and open competition is maximized and SFAs are monitoring contractor performance for compliance with specifications, terms, and conditions of contracts.

Use of the Tool is optional; State agencies may add questions to the Tool to review compliance with State procurement regulations that may be more restrictive than Federal requirements. If findings of noncompliance are identified, these will be documented, technical assistance provided, findings established, and corrective action required. Corrective action can take various forms as identified in Step four above.

[NEW] State agencies will maintain the results of all SFA procurement reviews including all documentation related to the procurement review, findings, and required corrective action for review by FNS during a Management Evaluation. Files may be retained manually or electronically, as needed by the State agency.

[NEW] PROCUREMENT REVIEW DOCUMENTS

General

- Written Code of Conduct
- Documented Procurement Procedures

SFA Procurement Table

- Vendor Paid List/Summary of Total Expenditures by Vendor: **(nonprofit food service account only)**

Micro-purchases (*Vendor transactions selected for review*)

- Purchase orders issued
- Receipts/Invoices

Small Purchase Procurements (*Vendor transactions selected for review*)

- Solicitation documents (specifications, evaluation criteria)
- Bid Quotes/Responses
- Evaluation of Responses for Award
- Purchase orders
- Receipts/Invoices

Formal Procurements (*Documents for vendor contracts selected*)

- Solicitation documents (specifications, evaluations, contracts, etc.)
- Bidder/Offeror responses
- Evaluation of responses for contract award
- Executed contracts
- Contract renewal/addendum/amendments, if applicable (since original contract was awarded)
- Cost/price analysis documentation
- Non-competitive proposal authorization, if applicable
- Invoices (3 vendor invoices identifying goods/services procured and amount paid)

FSMC – Base Year (*For State agencies reviewing the SFA-FSMC base year. Solicitation and evaluation for FSMC(s) selected. The executed contract is on file at State agency*)

- Solicitation documents (specifications, evaluation, contract terms, conditions, etc.)
- Bidder/Offeror responses
- Evaluation Documents/Scoring Sheets
- Notification to vendors of rejected bids/offers, if applicable
- FSMC Invoices (minimum of 3 FSMC invoices)
- USDA Foods credits (total for prior year)
- Reconciliation of discounts, rebates, credits (cost reimbursable contracts only)

FSMC – Review Year (*Reviews in renewal years, review executed renewal/amendments*) Review: above items only if not reviewed in base year.

- FSMC invoices
- Reconciliation for USDA Foods (both fixed-price & cost-reimbursable contracts)
- Reconciliation of discounts, rebates, and credits (cost-reimbursable contracts only)

Processing (When the State agency only uses cash-in-lieu of commodities, no procurement review of processing is required, **or when SFAs include the procurement of processed end-products through a commercial food distributor.**) *Contact the State Distributing Agency (SDA) to determine who procures processors, SDAs or SFAs. If SFAs, obtain the following documents)*

- SDA template agreement/contract for processors
- SDA list of approved foods for processing
- SFA Planned assistance level (from prior school year)
- SFA Solicitation documents, vendor bids/responses, evaluations and contracts
- Contract Renewals/addenda/amendments, if applicable
- Reconciliation of USDA Foods received, if applicable

School Food Authority Overview and Instructions for a Procurement Review

New information, instructions, questions, and changes throughout the Tool are designated in red font or with [NEW] written in the leading language.

Purpose

The purpose of a comprehensive procurement review tool (Tool) is to provide State agencies with a resource for assessing compliance with procurement standards when a comprehensive procurement review is required. State agencies have the option of conducting a comprehensive procurement review of all SFAs in every procurement review cycle, or adopting the revised procurement review process, self-certification, risk assessment, or comprehensive procurement review. When adopting the revised procurement review process, a comprehensive procurement review is required for each SFA that:

- Expends over \$750,000 in Program funds; contracts with third-party entities; did not receive a procurement review in the prior State agency procurement review cycle; identified the risk of non-compliance in risk assessment; or requests a procurement review in lieu of self-certification at least once in the State agency procurement review cycle.

Overview of a Procurement Review

The procurement of goods and services is a significant responsibility of a school food authority (SFA). Obtaining the most economical purchase should be considered in all purchases when using Federal funds. Federal, state and local laws and regulations specify the procurement methods, terms and conditions SFAs competitively procure goods and services, award contracts, and oversee contractor performance. State agency oversight is needed to ensure SFAs comply with the applicable provisions through audits, ARs, technical assistance, training guidance materials and by other means.

In an effort to provide State agencies with a resource for use with procurement reviews, the USDA Food and Nutrition Service (FNS) created a Comprehensive Procurement Review Tool (Tool) that State agencies may use/modify to gather information for review. The Tool provides the reviewer with questions, regulations, and resources for evaluating an SFA's procurement documentation to assess compliance, capture technical assistance, and establish findings, and required corrective action, as applicable. The Tool is designed to help State agencies provide sufficient procurement oversight of SFAs.

Snapshot of a Procurement Review

The State agency conduct the procurement review using a step-by-step approach. From notifying each SFA of a procurement review to closing the review, each step is intended to assess compliance while providing technical assistance in the area of procurement. Overall, the State agency will:

- Notify SFAs of a procurement review
- Schedule the review
- Send SFAs a Procurement Table to complete and request a list of documentation needed to conduct the review
- Assess compliance by reviewing either on-site or off-site, or both
- Report review results which may include technical assistance or findings of non-compliance
- Require corrective action, as applicable
- Review and approve the corrective action, as applicable
- Close the review

Steps of a Procurement Review

STEP ONE: Notifying SFAs of a procurement review.

Much like an Administrative Review, State agencies will notify SFAs of a procurement review. Notification may be by telephone, email, letter, or a combination of all types. Notice may be 4-6 weeks or more as the State agency schedules their reviews for the school year. Advance notice enables SFAs to:

- Discuss the review with their Administrative, Business, and/or Procurement officials to prepare for the review;
- Complete a SFA Procurement Table of procurement processes conducted;
- Obtain a vendor paid list (summary report of vendors paid using the nonprofit food service account). The vendor paid list may be of the **prior year or current year, at the State agency's discretion. When a review is scheduled early in a school year, the State agency may review documentation from the prior year, or if the procurement process changed from the prior year, the State agency may review the current year to ensure the current process is compliant. If the State agency does not specify the current year or prior year, SFAs are encouraged to clarify the information.**
- Provide procurement documentation of purchases from contracts awarded to vendors selected by the State on which the review will be conducted. See checklist at the end of the instructions.

STEP TWO: Scheduling the Review

State agencies will contact the SFA to schedule the procurement review. State agencies have the flexibility to schedule a procurement review at the same time as the Administrative Review, or as a separate review which the State may establish. Once the State agency notifies and communicates the scheduled review, they may send a SFA Procurement table for completion or request for information for their completion of the table, and confirm if the review will be conducted off-site, on-site, or both.

If the review will occur **off-site**, the SFA will need to provide the State agency with the requested procurement documentation for review. The documentation may be provided either electronically via email or by regular mail. The entrance conference, review, and exit conference **may be conducted off-site, on-site, or both off-site and on-site at the State agency's discretion.**

If the review will occur **on-site**, the requested procurement documentation will either be reviewed on-site or both on-site and off-site, as necessary and the **entrance and/or exit conference may occur off-site or on-site, at the State agency's discretion.**

The State may determine the review approach based on the SFA's document storage system, electronic or hard-copy, and the SFA's availability of electronically transmitting the documentation. The State agency will discuss these options and include the method of review in their notification.

STEP THREE: Documentation to be requested.

The SFA will receive the SFA Procurement Table, part of the Tool used for the review by the State agency. This table contains questions on the vendors supplying goods and services to the SFA. **[NEW]** The SFA will designate if the method of purchasing is used by selecting: "yes", "no", or "not applicable" and input information in the respective sections.

SFA Procurement Table. This table is used to identify the:

- Dollar value of the SFA **micro-and** small purchase threshold and **State agency micro and small purchase thresholds.**
- Memberships at retail and/or wholesale club warehouses **or other third-party entities where purchases are made.**

- Use of group purchasing/buying organizations and/or cooperatives **and use of a market basket analysis for evaluation of contract award**.
 - Information regarding purchases by procurement method used; vendors; number of purchases; total paid to vendor; and goods/services purchased.

Once the information in the tab is complete, the SFA will:

- Save and return the file to the State agency.
- Provide a vendor paid list (summary report of vendors paid from the nonprofit food service account).

Optional approach: The State agency may choose not to send the SFA Procurement Table. Rather, the State agency may request the SFA send only the vendor paid list. In this case, the State agency will:

- Interview the appropriate SFA representative to answer the questions regarding **their LEA micro-purchase and/or small purchase threshold**, memberships, and group purchasing/involvement in SFA cooperatives and **procurement methods used**;
- Review the vendor paid list; and
- Complete the SFA Procurement Table.

STEP FOUR: List of Documentation to Provide to the State

The State agency will request copies of documentation to support procurement activities:

- Vendor paid list;
- Supporting procurement documentation (solicitations, evaluations, and contracts, **plus copies of 3 vendor invoices**) for each vendor selected for review [2 CFR 200.318(i)];
 - *In the event the SFA lacks documentation to support procurements, the SA will document this, provide technical assistance, establish findings, and a corrective action plan as identified below.*
- Written Code of Conduct [2 CFR 200.318(c) and 7 CFR 210.21(c)];
- Solicitation documentation (copies of small purchase price/rate quotes and/or sealed bids/competitive proposals issued and advertisements published, as applicable)
 - Responses (quotes for informal procurement procedures and bids/offers for formal procurement procedures);
 - Evaluation and scoring results to award contracts (for competitive proposals – RFPs);
 - Final contract awarded and contract notification documentation;
 - Supporting documentation, such as purchase orders and/or receipts/invoices for vendors selected for review (2 CFR 200.318(i)). The State agency reviewer will examine three receipts from each vendor selected for review. The State agency has the discretion to request receipts/invoices as follows: Three invoices provided in one month from the vendor; one invoice/month for a three month period; or otherwise as the State agency chooses.
- Amended contract language, as applicable (The State agency will need to review amended contracts to determine if a material change was created).
- Current or prior year value of USDA Food planned assistance levels for processing contracts. This information is not required when the State agency provides cash-in-lieu of commodities, conducts the procurement process for SFAs, or when the SFA includes the purchase of processed-end products in its solicitation for a commercial food distributor.

STEP FIVE: Procurement Selection Chart

Using the Procurement Selection Chart, the State agency will determine:

The number of procurement activities the SFA conducted and select the vendors using the criteria in a selection chart for each procurement method:

- Micro-purchase Method
- Small purchase procedures

- Sealed bids/Competitive proposals:
- FSMC contracts
- Processing contracts - [NEW] unless the State is approved to use cash in-lieu-of commodities, the State agency will not conduct a review of the processing tab.

STEP SIX: Conducting the Review

This step includes reviewing the SFA's procurement documentation and assessing compliance with the procurement standards. The State agency will examine the information and answer questions in the:

- General procurement standards
- Micro-purchase method
- Small purchase procedures
- Sealed bids/Competitive proposals
- FSMC
 - Base year (as applicable)
 - Renewal year
- Processing Contracts- unless the State is approved to use cash in-lieu-of commodities, the State agency will not conduct a review of the processing tab.

What's in each tab? Each tab includes a list of questions asking if the SFA is compliant with specific Federal procurement requirements. The questions help the State agency review the SFA's procedures from the solicitation, evaluation, and contract award process through the oversight of contracts. [NEW] All of the questions are tied to a procurement regulation found in the Program or government-wide regulations in 7 CFR 210.21 and 2 CFR 200. Regulations are found at: www.ecfr.gov , Title 2 and Title 7.

STEP SEVEN: Reporting the results of the review: Summary of Findings Tabs

The State agency will compile review results in the Summary of Findings tab. The State agency may provide technical assistance, establish findings, and require corrective action, **as applicable and document this information for follow-up, if applicable, and for review by FNS during a Management Evaluation.**

[NEW] Findings, Technical Assistance and Required Corrective Actions, as applicable

Corrective action can take various forms, to include:

- Amending contracts to remove unallowable provisions;
- Re-soliciting contracts to ensure contracts are awarded to the responsive and responsible bidder/offeror whose price is lowest, or most advantageous, with price and other factors considered (2 CFR 200.320(d)) and with price as the primary factor as required in policy guidance July 2005 Procurement Questions, dated July 14, 2005).
 - New solicitations and contracts must be finalized by the next Program year;
 - Requiring a State agency pre-issuance review of proposed procurements per 7 CFR Part 210.21(c)(1).
- Attending State agency provided procurement training to increase knowledge of procurement standards; and
- Additional action on a case-by-case basis with assistance from the appropriate FNS Regional Office.

Summary

The State agency has the discretion to conduct the procurement reviews off-site, on-site or off-site/on-site as long as all procurement documentation needed to conduct the review can be obtained by the State agency. The procurement review may be conducted as part of the administrative Review, or as a separate review, as determined by the State agency. State agencies adopting the revised procurement review process will conduct

a comprehensive procurement review at least once in every other procurement review cycle. State agencies may add questions to the Tool to ensure compliance with State procurement regulations that may be more restrictive than Federal requirements.

[NEW] Below is a list of documents the State agency may request to complete the procurement review.

[NEW] CHECKLIST OF DOCUMENTS THAT MAY BE REQUIRED TO CONDUCT A PROCUREMENT REVIEW.

General

- Written Code of Conduct
- Documented Procurement Procedures

SFA Procurement Table

- Vendor Paid List/Summary of Total Expenditures by Vendor Report: Total Expenditures by Vendor (nonprofit food service account only)

Micro-purchases (*Vendor transactions selected for review*)

- Purchase orders issued
- Receipts/Invoices

Small Purchase Procurements (*Vendor transactions selected for review*)

- Solicitation documents (specifications, evaluation criteria)
- Bid Quotes/Responses
- Evaluation of Responses for Award
- Purchase orders
- Receipts/Invoices

Formal Procurements (*Documents for vendor contracts selected*)

- Solicitation documents (specifications, evaluations, contracts, etc.)
- Bidder/Offeror responses
- Evaluation of responses for contract award
- Executed contracts
- Contract renewal/addendum/amendments, if applicable (since original contract was awarded)
- Cost/price analysis documentation
- Non-competitive proposal authorization, if applicable
- Invoices (3 vendor invoices identifying goods/services procured and amount paid)

FSMC – Base Year (*For State agencies reviewing the SFA-FSMC base year. Solicitation and evaluation for FSMC(s) selected. Executed contract is on file at State agency*)

- Solicitation documents (specifications, evaluation, contract terms, conditions, etc.)
- Bidder/Offeror responses
- Evaluation Documents/Scoring Sheets
- Notification to vendors of rejected bids/offers, if applicable
- FSMC Invoices (minimum of 3 FSMC invoices)
- USDA Foods credits (total for prior year)
- Reconciliation of discounts, rebates, credits (cost reimbursable contracts only)

FSMC – Review Year (*Reviews renewal/amendments, if not reviewed in base year*)

- FSMC invoices
- Reconciliation for USDA Foods (both fixed-price & cost-reimbursable contracts)
- Reconciliation of discounts, rebates, and credits (cost-reimbursable contracts only)

Processing (unless the State is approved to use cash in-lieu-of commodities, the State agency will not conduct a review of the processing tab)

- SDA template agreement/contract for processors
- SDA list of approved foods for processing
- SFA Planned assistance level (from prior school year)
- SFA Solicitation documents, vendor bids/responses, evaluations and contracts
- Contract Renewals/addenda/amendments, if applicable
- Reconciliation of USDA Foods received, if applicable

SFA PROCUREMENT TABLE			SFA NAME:			
SFA instructions: List name(s), position(s)/title(s) and contact information of those person(s) authorized by the LEA/SFA as a procurement agent(s) and who is/are responsible for compliance with local, state and federal procurement regulations, including Child Nutrition Program requirements.						
Name	Position/Title	Responsibilities (Ex: conducts micro-purchases, small purchase procedures, develops IFB/RFPs, monitoring, etc.)		Contact Information		
COMMENTS:						
MICRO & SMALL PURCHASE THRESHOLD INFORMATION:						
SFA Instructions: Answer questions below.						
[NEW] What is the LEA/SFA micro-purchase threshold?				\$		
[NEW] What is the STATE micro-purchase threshold, if applicable?				\$		
What is the LEA/SFA small purchase threshold?				\$		
What is the STATE small purchase threshold, if applicable?				\$		
[NEW] Market Basket Analysis for Evaluation of Contract Award				YES	NO	NA
SFA Instructions: Answer if market basket analysis is used by marking (X) under "yes", "no" or "not applicable", then input information below, if used.						
Vendor Name	General Goods/Services Provided	Total Paid to Third Party/Vendor (designate as: Below \$10,000; Below \$250,000; OR Above \$250,000)		Comments	For State Agency Use Only: Designate (X) if selected for review	

[NEW] GROUP PURCHASING EFFORTS (CN Cooperative; Agent; Third Party)					YES	NO	NA
SFA Instructions: Answer if a group purchasing effort is used by marking (X) under "yes", "no" or "not applicable" then input information below, if used.							
Group Purchasing Effort/Name	General Goods/Services Provided	Total Paid to Vendor (designate as: Below \$10,000; Below \$250,000; Above \$250,000)	Group Type (Designate as: CN Cooperative, Agent; or 3 rd Party Entity)	Comments	For State Agency Use Only: Designate (X) if selected for review		

Micro Purchases <i>(Purchases valued below \$10,000, or most restrictive threshold)</i>					YES	NO	NA
SFA instructions: Answer if micro-purchasing is used by marking (X) under "yes", "no" or "not applicable" then input information below, if used. (If additional rows are needed, use more than one form, or include a separate table.)							
Vendor Name	General Goods/Services Provided	Total Paid to Vendor (designate as: Below \$10,000; Below \$250,000; Above \$250,000)	# Purchases from vendor during the SY? <i>(one time vs multiple; designate #)</i>	Comments	For State Agency Use Only: Designate (X) if selected for review		

Food Service Management Company (FSMC) Contracts								YES	NO	NA
SFA Instructions: Answer if a FSMC is contracted by marking (X) under "yes", "no" or "not applicable" then input information below, if used.										
FSMC Name	Goods/ Services Provided	Contract Value Designate as: below \$250,000; or \$250,001 - \$500,000; or \$500,001 - \$1 Million; or over \$1 Million	Solicitation Type (Designate: IFB/RFP)	Contract Type (Designate: Fixed-price or Cost reimbursable)	Contract Year (Designate as original year; Renewal Year 1; Renewal Year 2; Renewal Year 3; Renewal Year 4)	Did the SFA receive more than one response to its IFB/RFP? YES or NO	Was this vendor/ contract obtained using a CN Coop/Agent/ Third-Party Entity? Designate: YES or NO	Was contract amended after award? Designate: YES or NO	For State Agency Use Only: Designate (X) if selected for review	
COMMENTS:										

[NEW] Instructions for State Agency Procurement Selection Chart

State agency instructions: To determine the number of vendor transactions/contracts for review, the reviewer will count the number of vendors using the forms above or the vendor paid list, and in the Word version of the Tool, enter the number of vendors in column 2. This number does not auto-populate as in the FNS Excel Tool. Using the chart above, select the number of vendors for review as designated in the third column, then identify the number to review in column 4. A minimum of 3 vendors will be selected for each procurement method, except sealed bids and competitive proposals (formal procurements). A review of formal procurements may require as many as 6 contracts. New sections are added to review a contract when the SFA used the market basket analysis for contract award and when third party entities are used. For market basket analysis use SP 04-2018 for guidance when reviewing contracts if designated. Questions are added to the tab, small purchase and formal procedures, if applicable. When a contract is for processed end products using USDA Foods, the State agency will use the applicable procurement method AND the Processing tab for this review.

For third party entities, use Memo SP05-2017 for guidance with these entities. **CN Program operators/CN Program operator/CN State agency cooperatives, agents, and Third-party entities. CN State agency cooperatives and agents** must comply with the Program and government-wide regulations. For third-party entities, these entities are not required to comply with the Program and government-wide regulations. Therefore, SFAs conduct compliant procurement procedures using small purchase procedures sealed bids, and/or competitive proposals, and may consider the entity's prices as one source of prices to be considered in addition to other prices. Paying a membership without competitively procuring the goods is a finding of non-compliance with Federal procurement standards.

For all entities: use the applicable procurement method tab to review quotes, solicitations, evaluations, and contract awards to determine compliance. For procured agents, review the solicitation for the agent, then the agent's solicitations and contracts using the Procurement Selection Chart. If the SFA did not first properly procure the agent or third party using the Program and government-wide regulations, this is a finding. If a properly procured agent did not then properly solicit for the distribution of goods/services using Program and the government-wide procurement standards, this is a finding. When a contract is for processed end products using USDA Foods, the State agency will use the applicable procurement method AND the Processing tab for this review.

Sealed Bid/Competitive/Formal Procurements: Prioritize the review as follows: (1) cost reimbursable contracts; 2) contracts of greatest dollar value; 3) contracts with amendments. Once the sample of contracts is selected using the criteria above, if the sample prioritized only one solicitation type (RFP/IFB) but the SFA uses both, select an additional RFP/IFB for review, to ensure both types are in the sample. New

questions have been added for the review of market basket analysis method of evaluation and Third party entities, when designated as used by the SFA.

The procurement process for utilities, pest control, and cleaning services, etc. predominately for the LEA and includes food service operations are NOT to be selected for a procurement review. The AR resource management review ensures these are not double billed to the nonprofit school food service account.

Processing tab: The State agency will use the applicable tab, SMALL PURCHASE or FORMAL PROCUREMENT tab to answer questions when reviewing contracts on the procurement of processors AND answer the questions in the PROCESSING Tab for contracts that include processed end products using USDA Foods. All questions in the applicable procurement methods tab AND the Processing Tab will be answered to complete the review of Processed USDA Foods. This tab is not applicable when the State Distributing agency provides cash-in-lieu of commodities or conducts the competitive procurement process on behalf of all recipient agencies.

FSMC tabs: State agencies may consider reviewing FSMC contracts during the contract's base year to ensure the SFA is monitoring the FSMC contract (s) specific to credit the value of USDA Foods, the return of discounts, rebates, and credits on invoices, compliance with the cycle menu, food specifications, Buy American provision to purchase domestic foods, etc. The focus of the FSMC Tab is the review of SFA responsibilities in 7 CFR 210.16(a). Purchases made outside of the FSMC contract may be reviewed at the same time as this review or on a different review cycle, as determined by the State agency.

State Agency Procurement Selection Chart			
Type of Procurement	Total # of Vendors/Contracts (Reviewer: # does not auto-populate, count and enter # below)	If SFA = this total # Vendors/contracts (by procurement type)	Review this # of vendors/contracts and enter the # below
Micro purchases (Individual /transactions below \$10,000 or most restrictive)			
(Prioritize vendors receiving the highest dollar value of purchases)		1 or more	3
Greatest total number of micro-purchases to review: 3			
Small Purchase Procedures/Informal Procurement: (Purchases below \$250,000 or most restrictive threshold) Select procurements as applicable below:			
<i>Choose vendor (s) for review with the highest dollar value of purchases.</i>		1 to 3	2
<i>Only one response was received</i>		1 or more	1
[NEW] Third party entity (See instructions above.)		1 or more	1
(Greatest total number of small purchases to review: 4			
Sealed Bids & Competitive Procurements/Formal (IFB & RFP) (Commonly above \$250,000 or most restrictive threshold): Selected procurements will not include FSMCs. See instructions to prioritize the selection of contracts for review.			
(Prioritize vendors receiving the highest dollar value of purchases)		1 to 3	2
[NEW] Market Basket Analysis to Contract Award: (See State agency instructions above.)		1 or more	1
[NEW] Group Purchasing Efforts, when identified: (See State agency instructions below)		1 or more	1
<i>Only one response was received</i>		1 or more	1
(Greatest total number of formal sealed bids/requests for proposals to review: 5			
Food Service Management Company (FSMC) contracts (Review all FSMC contracts)			
(Greatest total number of FSMC contracts to review: All)		1 or more	All
Processing contracts:			
<i>Choose vendor (s) for review with the highest dollar value of purchases.</i>		1 to 3	2
<i>Only one response was received</i>		1 or More	1
All other processing contracts:		1 or More	1
(Greatest total number of processing contracts to review: 4			

REVIEW of GENERAL PROCUREMENT PRACTICES

NA

SA Instructions: Obtain the SFA/LEA **written codes of conduct and written procurement procedures** [2 CFR 200.318(c)(1)] [NEW] (NOTE: compliant **code of conduct** = **1) Prohibits officers, employees and agents from soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts; 2) Provides for disciplinary actions for violations by officers, employees, or agents; 3) Includes language that the SFA will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, OR language with standards for situations when the financial interest is not substantial or the gift is unsolicited and of nominal value. (NOTE: If nominal value allowed, record dollar value allowed in comment box.) For written procurement procedures, regulations only specify compliance with Federal, State, and local procurement standards.) RESPONSE: YES= Compliant; NO= Non-compliant. [NEW] Key Indicator's (KI) of compliance are identified to the left of the question to designate specific questions to be answered to identify compliance with procurement standards.**

Review Questions		Compliant	Non-Compliant		Comments/Technical Assistance
KI	1) Is the SFA written code of conduct compliant? (NOTE: If non-compliant, record the non-compliant portion in the comment box with the technical assistance provided.)	<input type="checkbox"/>	<input type="checkbox"/>		
KI	2) Is the SFA/LEA's documented Procurement Procedures/plan compliant with Federal, State and local procurement standards? [2 CFR 200.318(a)]	<input type="checkbox"/>	<input type="checkbox"/>		

Additional Comments:

MICRO PURCHASE PROCEDURES REVIEW WORKSHEET

NA

MICRO-PURCHASE METHOD				
STATE AGENCY INSTRUCTIONS: Obtain copies of LEA/SFA purchase orders issued, and invoices, receipts, etc. to determine if the SFA was compliant with vendor transactions below \$10,000 as of June 20, 2018, if goods/services are necessary, allocable, and prices were reasonable, and if purchases were equitably distributed among all qualified sources. Review 3 invoices of vendors selected. RESPONSE: YES= Compliant; NO= Non-compliant.				
Review Questions	Compliant	Non-Compliant		Comments/Technical Assistance
1) Based on a review of invoices/receipts, is the SFA compliant with having each vendor transaction below \$10,000? [2 CFR 200.320(a)]	<input type="checkbox"/>	<input type="checkbox"/>		
2) If the SFA paid a membership to a club warehouse, third-party entity, etc., are the purchases made from this entity necessary, reasonable, and equitably distributed among qualified sources/vendors?	<input type="checkbox"/>	<input type="checkbox"/>		
3) Based on a review of invoices/receipts, is the SFA compliant with distributing purchases equitably among all qualified sources? [2 CFR 200.320(a)]	<input type="checkbox"/>	<input type="checkbox"/>		
[REWORD & MOVED FROM SFA PROCUREMENT TABLE] 4) If the SFA paid a membership to a club warehouse, third-party entity, etc., are the purchases made from this entity necessary, reasonable, and equitably distributed among other qualified sources/vendors?	<input type="checkbox"/>	<input type="checkbox"/>		
[NEW] 5) Is the SFA compliant with maintaining records sufficient to detail the significant history of the procurement? [2 CFR 200.318(i)]	<input type="checkbox"/>	<input type="checkbox"/>		
ADDITIONAL COMMENTS:				

SMALL PURCHASE PROCEDURES/INFORMAL PROCUREMENT REVIEW WORKSHEET

NA

SMALL PURCHASE PROCEDURES/INFORMAL PROCUREMENT REVIEW WORKSHEET				
LEA Small Purchase Threshold: \$ _____				
STATE Small Purchase Threshold: \$ _____				
STATE AGENCY INSTRUCTIONS: Obtain copies of LEA/SFA small purchase procedures/informal procurement solicitation documents, specifications, evaluation criteria, contract and contract terms (if applicable), purchase orders, and any other documentation needed to evaluate performance such as invoices, receipts, etc. for each informal procurement selected for review. RESPONSE: YES= Compliant; NO= Non-compliant; NA= Not applicable.				
SOLICITATION				
REVIEW QUESTIONS	Compliant	Non-Compliant	NA	Comments/Technical Assistance
[REWORD] 1) Prior to making a purchase, is the SFA compliant with obtaining price/rate quotes from an adequate # of qualified sources (2 or more) and providing clear and accurate descriptions of goods/services procured? [2 CFR Part 200.319(c)(1), .320(b) (NOTE: A "no bid" response is not an appropriate bidder response.)]	<input type="checkbox"/>	<input type="checkbox"/>		
[REWORD] 2) Is the SFA compliant with full and open competition and does not restrict competition? (NOTE: Restricting competition includes placing unreasonable requirements, unnecessary experience, or specifying a 'brand name' product (not allowing 'an equal' with performance or relevant requirements.) [2 CFR 200.319(a)]	<input type="checkbox"/>	<input type="checkbox"/>		
[NEW] 3) [For food purchases only] Is the SFA compliant with the Buy American provision by requiring vendors to purchase domestic foods? (NOTE: Domestic foods are foods produced, and processed in the United States substantially using domestic foods having over 51% domestic food components by weight or volume. [7 CFR 210.21 and SP02-2017 and SP 38-2017 <i>Compliance with and Enforcement of the Buy American Provision</i> , June 30, 2017]	<input type="checkbox"/>	<input type="checkbox"/>		
[NEW] 4) If the SFA uses an agent, is the SFA compliant with procuring the agent services using the applicable procurement standards in 7 CFR 210.21 and 2 CFR 200.320?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

[NEW] a) If the SFA purchases using an agent, is the SFA compliant with ensuring the agent complies with using the applicable small purchase procedures? (NOTE: review agent's solicitations and contracts, as applicable, and based on Procurement Selection Chart)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 5) If the SFA purchases using a third-party entity, is the SFA compliant with using the third party's pricing as one source when soliciting price/rate quotes? (2 CFR 200.320(b) and SP05-2017, <i>Q&A Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Service</i> , dated October 19, 2016)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:				
EVALUATION AND AWARD PROCESS FOR SMALL PURCHASE PROCEDURES				
6) Is the SFA compliant with maintaining records sufficient to detail the procurement history? [2 CFR 200.318(i)] (Solicitations/responses, evaluations for award, invoices, etc.)	<input type="checkbox"/>	<input type="checkbox"/>		
7) Is the SFA compliant with bid evaluation based on the evaluation published, products/services requested, and the vendor responses provided? [2 CFR 200.320(b)]	<input type="checkbox"/>	<input type="checkbox"/>		
MONITORING PROCUREMENTS				
[REWORD] 8) Based on a review of invoices/receipts, is the SFA compliant with the applicable small purchase procedures, ensuring suppliers provide products/service and prices as quoted, the Buy American provision, geographic preference, as applicable? [2 CFR Part 200.318(b)] (NOTE: Identify non-compliance in the comment box.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] STATE AGENCY INSTRUCTIONS: For contracts selected for review that include processed end products using USDA Foods , the questions in the Processing Tab to be answered to complete the review of Processed USDA Foods.				
ADDITIONAL COMMENTS:				

FORMAL PROCUREMENT PROCEDURES REVIEW WORKSHEET
(Sealed Bids (IFB) or Competitive Proposals (RFP))

NA

LEA Small Purchase Threshold:	\$	STATE Small Purchase Threshold:	\$
FORMAL PROCUREMENT (IFB & RFP)			
STATE AGENCY INSTRUCTIONS: Prior to answering the questions in this tab, obtain copies of SFA procurement solicitation documents, specifications, evaluation criteria and contract terms for each contract reviewed and per the contract selection chart. RESPONSE: YES= Compliant; NO= Non-compliant; NA= Not applicable.			
GENERAL SOLICITATION PROCESS			
REVIEW QUESTIONS	Compliant	Non-Compliant	Comments/Technical Assistance
1) Is the SFA compliant with conducting a cost/price analysis prior to soliciting? [2 CFR 200.323 [NEW] (NOTE: see reviewer tip and compliant = prior year, or other analysis used; non-compliant is no prior year and no analysis conducted.)	<input type="checkbox"/>	<input type="checkbox"/>	
[REWORD] 2) Is the SFA compliant with full and open competition, i.e., does not restrict competition? (NOTE: Restricting competition includes placing unreasonable requirements, unnecessary experience, or specifying a 'brand name' product (not allowing 'an equal' with performance or relevant requirements.) [2 CFR 200.319(a)] (NOTE: if competition is restricted, this is a finding and corrective action is to modify the document and conduct a new solicitation process. Designate situation in the comment box.)	<input type="checkbox"/>	<input type="checkbox"/>	
Solicitation – Competitive Sealed Bids and Request for Proposals	Compliant	Non-Compliant	Comments/Technical Assistance
[REWORD] 3) Is the SFA compliant with publically advertising IFBs/RFPs and soliciting from an adequate # of qualified suppliers (2 or more submitted a bid/offer); providing adequate time for responses prior to opening; and including all specifications, evaluation factors; and language for contract award to the lowest responsive and responsible bidder/offeror most advantageous to the Program with price as the primary factor? [2 CFR 200.320(c) or (d) and July 2005 <i>Procurement Questions</i> , July 2005 and SP 12-2016, November 13, 2015] (NOTE: For non-compliance, in comment box identify what is missing from within this question.)	<input type="checkbox"/>	<input type="checkbox"/>	

Solicitation – Competitive Sealed Bids and Request for Proposals (cont.)	Compliant	Non-Compliant		Comments/Technical Assistance
[REWORD] 4) Is the SFA compliant with the required contract provisions, as applicable: [Appendix II to 2 CFR 200 (NOTE: These include: administrative/contractual/legal remedies for contractors that breach/violate terms (\$150,000); termination clause (\$10,000); equal employment opportunity; contract work hours/safety standards (all contracts); Davis Bacon for construction (\$2,000); Rights to Invention; Clean Air (\$150,000) Energy Conservation; Debarment/Suspension; Byrd Anti-Lobbying (\$100,000)) (NOTE: For non-compliance, identify in the comment box what provisions are missing. Corrective action may be to amend contract (s) to include provisions. Designate missing provision in comment box.)	<input type="checkbox"/>	<input type="checkbox"/>		
[NEW] 5) [For food purchases only] Is the SFA compliant with Buy American by ensuring its food vendors comply with the Buy American provision? (NOTE: Domestic foods are foods produced, and processed in the United States substantially using domestic foods having over 51% domestic food components by weight or volume. [7 CFR 210.21 and SP02-2017 and SP 38-2017 <i>Compliance with and Enforcement... Buy American Provision, June 30, 2017</i>])	<input type="checkbox"/>	<input type="checkbox"/>		
[NEW] 6) If the SFA ‘piggybacked’ onto an existing contract of another SFA/cooperative, (joined after the original contract was awarded) was the SFA compliant with ensuring the solicitation and contract included language for the addition of parties and specified applicable limits (e.g., dollar value/number of additional parties)? SP05-2017, <i>Q&A Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Service, October 19, 2016</i>).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] a) When the SFA ‘piggybacked’, is the SFA compliant with making a determination of a material change made when parties are added to the contract? (NOTE: A material change is if bidders/responders had known of the contract change (addition of parties, increased scope, etc.) would bidders/responders have bid/responded differently?)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 7) If the SFA uses an agent, is the SFA compliant with procuring the agent services using the applicable procurement standards in 7 CFR 210.21 and 2 CFR 200.320?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Solicitation – Competitive Proposals (RFP)	Compliant	Non-Compliant	NA	Comments/Technical Assistance
[NEW] 8 Is the SFA compliant with ensuring the agent complies with the Program and government-wide regulations in 7 CFR 210.21 and 2 CFR 200.318-326 as the SFA agent?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 9 If the SFA purchases using a third-party entity, non-Child Nutrition Program entity, is the SFA compliant with using the third party's pricing as one source when soliciting price/rate quotes? (2 CFR 200.320(b) and SP05-2017, <i>Q&A Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Service</i> , October 19, 2016)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 10 If using a market basket analysis, is the SFA compliant with including language in the solicitation and contract to: evaluate bids/proposals using this analysis; the representative list of goods (recommended at 75% or more of the total estimated value of goods to be purchased); clear and accurate descriptions; estimated quantities for evaluation; and the list of goods to be purchased? (Also applies to solicitations/contracts for USDA Foods processed end products purchased through a distributor using the Net-Off-Invoice value pass through method). (2 CFR 200.319(c)(1) and FD144, <i>SP04 Market Basket Analysis...</i> , January 18, 2018.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] a When adding goods to a contract, is the SFA compliant with limiting the total value of additional goods (recommended as less than 10%) of the estimated value of the initial contract award? [Note: The option to add goods after award is included in the initial solicitation and contract and in the renewal contract award. The renewal contract award then establishes a new basis value for contract award including the actual value of expenditures against the award plus the value of the additional goods.] (<i>policy as above.</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[REWORD] 11 [<i>For cost-reimbursable contracts only</i>]: Is the SFA compliant with including the required contract provisions in 7 CFR 210.21(f)? (NOTE: allowable costs net of discounts, rebates, credits with such identified on the bill/invoice; identify allowable and unallowable costs, if applicable, or cost determination and verification; frequency of reporting (not less than annually); maintain documentation of discounts, rebates, credits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Solicitation – Noncompetitive Proposals	Compliant	Non-Compliant	NA	Comments/Technical Assistance
[REWORD] 12 If a noncompetitive method of procurement was used, is the SFA compliant with this use? (NOTE: Noncompetitive Proposals are allowable only if: a) a public exigency/emergency did not permit a competitive solicitation; b) after solicitation of a number of sources, competition was inadequate; c) FNS or the State agency expressly authorized a noncompetitive proposal based on a written request from the SFA; d) The item was only available from a single source. If noncompliant, describe in comments.) [2 CFR 200.320(f)(1-4)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
EVALUATION AND AWARD (IFB and/or RFP)	Compliant	Non-Compliant	NA	Comments/Technical Assistance
[REWORD] 13 Is the SFA compliant with opening all sealed bids at the time and place prescribed and evaluating as published and awarding contracts to the lowest responsive and responsible bidder/offeror most advantageous to the Program with price as the primary factor, and for food, compliance with Buy American, and geographic preference, if applicable ? [2 CFR 200.320(c-d) and July 2005 <i>Procurement Questions</i> July 2005 and SP 12-2016, November 13, 2015]	<input type="checkbox"/>	<input type="checkbox"/>		
14 If any bids/offers were rejected, does the SFA have a sound and documented reason? [2 CFR 200.320(c)(2)(v)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 15 If overly responsive bids/offers were received, did the SFA eliminate the bid/offer, or the overly responsive portion, when evaluating and awarding the contract? (SP 12 2016)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 16 If the solicitation included value-added language (broad language inviting incentives or investments), did the SFA include a criteria for how this will be evaluated and exclude all unallowable cost items prior to contract award? [SP 12 2016] (NOTE: Unallowable costs are goods/services not required for the operation and improvement of the food service.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:				

CONTRACT MANAGEMENT PROCESS (FORMAL PROCEDURES)	Compliant	Non-Compliant		Comments/Technical Assistance
<p>[REWORD] 17 Based on a review of invoices/receipts, is the SFA compliant with monitoring contractors to ensure suppliers comply with terms, and conditions of contracts/purchase orders awarded? (2 CFR 200.318) (Includes: products/services and prices; Buy American (food) and geographic preference, if applicable; discounts, rebates, credits for cost-reimbursable contracts -identified on all vendor invoices submitted for payment etc.) [7 CFR 210.21(c and f)] Include discrepancies in comments, if identified.</p>	<input type="checkbox"/>	<input type="checkbox"/>		
<p>[REWORD] 18 Is the SFA compliant with the contract, renewal, or amendment for prohibiting unallowable cost provisions (scholarships, gifts, grants, event tickets, catering accounts, etc.) and/or creating a material change?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[REWORD] 19 Is the SFA compliant with awarding either fixed-price or cost-reimbursable contracts “cost-plus-a-percentage-of-cost” and/or “cost-plus-a-percentage-of-income” contract types are prohibited? [7 CFR 210.16(c)]</p>	<input type="checkbox"/>	<input type="checkbox"/>		
<p>[NEW] 20 Is the SFA compliant with maintaining records sufficient to detail the procurement history [2 CFR 200.318(i)]</p>	<input type="checkbox"/>	<input type="checkbox"/>		
<p>[NEW] STATE AGENCY INSTRUCTIONS: For contracts selected for review that include <i>processed end products using USDA Foods</i>, the questions in the <i>Processing Tab</i> to be answered to complete the review of <i>Processed USDA Foods</i>.</p>				
<p>ADDITIONAL COMMENTS:</p>				

FOOD SERVICE MANAGEMENT COMPANY BASE YEAR REVIEW (FOR USE IN REVIEWING AN ORIGINAL SOLICITATION)		
NOTE: Use this tab when reviewing the base year, original solicitation and contract for State agency approval prior to contract execution and may occur for the SFA procurement review along with the review of applicable SFA procurement procedures.		
Per the Procurement Selection Chart, all FSMC contracts held by an SFA will be reviewed during the State agency's local procurement review. If the State agency is conducting an initial review of a SFA's solicitation and/or contract as part of the State agency approval process required under 7 CFR 210.16(a)(9) and 7 CFR 210.19(a)(5) (separate from this procurement review), please complete all sections in the SA PRE-APPROVAL FSMC CHECKLIST--Base Year Review workbook tab. If the reviewer is conducting a review of an FSMC during a renewal year, the reviewer should use the FOOD SVC MANAGEMENT COMPANIES--Renewal Year Review workbook tab (NOT this tab).		
Section A: State Agency Review of SFA Solicitation/Contract Document	Compliant	Non-compliant
1) Is the SFA solicitation/contract compliant by including the SFA responsibilities as follows: (in many cases, the solicitation becomes the contract when signed by both parties):		
a) Initial contract duration limited to 1 year? [7 CFR 210.16(d)]	<input type="checkbox"/>	<input type="checkbox"/>
b) Contract renewal options do not exceed 4-1 year optional renewals? [7 CFR 210.16(d)]		
[NEW] 2) Is the SFA solicitation/contract compliant by identifying that the SFA would: [7 CFR Part 210.16(a)]		
[NEW] a) Ensure that the food service operation was in conformance with the SFA-State agency agreement under the Program? [7 CFR 210.16(a)(2)]	<input type="checkbox"/>	<input type="checkbox"/>
[NEW] b) Monitor the food service operation through periodic on-site visits? [7 CFR 210.16(a)(3)]	<input type="checkbox"/>	<input type="checkbox"/>
[NEW] c) Retain control of the quality, extent, and general nature of its food service, and the prices to be charged the children for meals? [7 CFR 210.16(a)(4)]	<input type="checkbox"/>	<input type="checkbox"/>
[NEW] d) Retain signature authority on the State agency-SFA agreement, free and reduced price policy statement and claims? [7 CFR 210.16(a)(5)]	<input type="checkbox"/>	<input type="checkbox"/>
[NEW] e) Ensure that all federally donated foods received by the school food authority and made available to the FSMC accrue only to the benefit of the school food authority's nonprofit school food service and will be fully utilized therein? [7 CFR 210.16(a)(6)]	<input type="checkbox"/>	<input type="checkbox"/>

QUESTIONS	Compliant	Non-Compliant
[NEW] f) Maintain applicable health certification and assure that all State and local regulations are being met by a FSMC preparing or serving meals at a school food authority facility? [7 CFR 210.16(a)(7)]	<input type="checkbox"/>	<input type="checkbox"/>
[NEW] g) Establish an advisory board composed of parents, teachers, and students to assist in menu planning? [7 CFR 210.16(a)(8)]	<input type="checkbox"/>	<input type="checkbox"/>
3) Is the SFA solicitation/contract compliant by including a 21-day cycle menu developed in accordance with the provisions of 7 CFR 210.10, to be used as a standard for the purpose of basing bids or estimating average costs per meal? (Please note that the SA may approve a provision in the solicitation requiring the FSMC to provide a 21-day cycle menu for SFA's with no capability to prepare one) [7 CFR 210.16 (b)(1)]	<input type="checkbox"/>	<input type="checkbox"/>
4) Is the SFA solicitation/contract compliant by stating that nonperformance would result in sanctions and were the sanctions listed? [7 CFR Part 210.16(b)(1)]	<input type="checkbox"/>	<input type="checkbox"/>
5) Is the SFA solicitation/contract compliant by requiring all income and expenses to accrue to the SFA nonprofit food service account? [7 CFR 210.16(c)]	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 6) Is the SFA solicitation/contract compliant by awarding only a fixed-price or cost-reimbursable type contract? (NOTE: A "cost-plus-a-percentage-of-cost" and/or "cost-plus-a-percentage-of-income" contract type is prohibited? [7 CFR 210.16(c)]	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 7) Is the solicitation/contract compliant by prohibiting unallowable cost items such as scholarships, gifts/gift cards, event tickets, grants, catering accounts, etc.? [7 CFR 210.14(a)] (NOTE: Even when the SFA includes 'value-added' language, value-added items not necessary for the operation and improvement of the food service cannot be included in contract award.)	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 8) Is the SFA solicitation/contract compliant by including the FSMC responsibilities? [7 CFR Part 210.16(c)] (These include: maintain records supporting SFA claims and report such at the end of each month, and make such available upon request; secure health certifications; no payment for spoiled/unwholesome meals or noncompliance with meal pattern for Programs operated; no a la carte service only; assure SFA complies with Buy American and supply documentation for exceptions)(Note: add any missing responsibilities in comment box.)	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 9) Is the SFA solicitation/contract compliant by including meal pattern requirements for Programs operated (NSLP - 7 CFR 210.10; SBP - 220.8 and afterschool snack, and SFSP 225.16 and CACFP-226.20, as applicable?	<input type="checkbox"/>	<input type="checkbox"/>

QUESTIONS	Compliant	Non-Compliant
[NEW] 10 Is the SFA solicitation/contract compliant by contracting with a FSMC to require the FSMC to offer free, reduced price and paid reimbursable lunches to all eligible children when operating an a la carte food service? [7 CFR 201.16(a)]	<input type="checkbox"/>	<input type="checkbox"/>
11 Is the SFA compliant for including in their solicitation/contract language to ensure the FSMC complies with all requirements regarding 'Buy American,' including: [7 CFR Part 210.21(d)/SP 38-2017 Compliance with and Enforcement of the Buy American Provision] (Includes documentation for the use of a non-domestic food exception prior to purchasing non-domestic when competition reveals the cost of domestic prohibitively costly or not available?)	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 12 Is the SFA solicitation/contract compliant by directly or indirectly prohibiting the restriction of the sale or marketing of fluid milk at any time or in any place on school premises or at any school-sponsored event? [7 CFR 210.21(e)]	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 13 If a cost reimbursable contract was solicited, is the SFA compliant with including the following required contract provisions in 7 CFR 210.21(f)?: (NOTE: Allowable costs paid 'net' of discounts, rebates and credits and identify these on bills/invoices submitted; separately identify allowable costs from non-allowable costs; certify only allowable costs are submitted; identify method of discounts, rebates, credits reported at contract conclusion; maintain documentation of costs and discounts, rebates, and credits.) [NOTE: identify missing provisions in comment box.]	<input type="checkbox"/>	<input type="checkbox"/>
14 If the SFA solicitation/contract included a provision for subcontracts, is the SFA compliant with requiring affirmative action steps for small and minority businesses, women's business enterprises, and labor surplus area firms, when possible? [2 CFR Part 200.321(a)(1-6)]	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 15 Is the SFA solicitation/contract compliant with including the required contract provisions, as applicable? [Appendix II to 2 CFR 200/7 CFR 3019.48] (NOTE: these include: administrative/contractual/legal remedies for contractors that breach/violate terms (\$150,000); termination clause (\$10,000); equal employment opportunity; contract work hours/safety standards; Davis Bacon for construction (\$2,000); Rights to Invention; Clean Air (\$150,000) Energy Conservation; Debarment/Suspension; Byrd Anti-Lobbying (\$100,000)) (NOTE: For non-compliance, identify in the comment box what provisions are missing.)	<input type="checkbox"/>	<input type="checkbox"/>

QUESTIONS	Compliant	Non-Compliant
<p>[REWORD] 16) Is the SFA solicitation/contract compliant by NOT restricting competition? (NOTE: Competition is restricted by placing unreasonable requirements, unnecessary experience, excessive bonding, non-competitive award to consultant on retainer, or specifies a 'brand name' product (not allowing 'an equal' with performance/relevant requirements)? [2 CFR 200.319(a)(1-7)]</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>[REWORD] 17) Is the SFA solicitation/contract compliant with including the USDA Foods required contract provisions in 7 CFR 250.53 for FSMC fixed-price and cost-reimbursable contracts? (These include for both fixed price and cost reimbursable contracts: credit for the value of all USDA Foods received including processed end products in the school year received; use method and frequency in contract to verify values credits; use Nov. 15 value or actual donated food value; use only in meal service; use all donated ground beef and pork products and processed end products in SFA food service; use commercial and donated foods of U.S. origin, equal or better quality than donated foods; credit value; not enter into a processing agreement; comply with storage and inventory requirements; allow on-site review of operation, records, and management of donated foods, extension and renewal is subject to fulfillment of all contract provisions - For cost-reimbursable contracts: Above provisions PLUS: cost shall not result in SFA bring charged for donated foods.) (NOTE: For non-compliance, identify in the comment box what provisions are missing.)</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>[NEW] 18) Is the SFA solicitation/contract compliant by including a provision to ensure the SFA is paying 'cost' for goods and services purchased by the FSMC and billed to the NFSA? (FSMC Handbook for SFAs, May 2016, pg. 37)</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>19) For SFAs also operating SFSP and CACFP only: Is the SFA solicitation/contract compliant by including the following requirements:</p>		
<p>a) Language that prohibits subcontracting in 7 CFR 225.6(h)(2)(ii) and 7 CFR 226.21(e)?</p>	<input type="checkbox"/>	<input type="checkbox"/>

QUESTIONS	Compliant	Non-Compliant
<p>b) Bond requirement for the SFSP for contracts over \$150,000? [7 CFR Part 225.15(m)(5-7)] (NOTE: a bid bond is not less than five (5) percent nor more than ten (10) percent, as determined by the sponsor. A copy of the bid bond shall accompany each bid; and a performance bond in an amount not less than ten (10) percent nor more than twenty-five (25) percent of the value of the contract, as determined by the State agency, of the value of the contract for which the bid is made. Any food service management company which enters into more than one contract with any one sponsor shall obtain a performance bond covering all contracts if the aggregate amount of the contracts exceeds \$100,000. Sponsors shall require the food service management company to furnish a copy of the performance bond within ten days of the awarding of the contract.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>[NEW] 20) [For SFAs requiring FSMCs to purchase food on their behalf] Is the SFA solicitation/contract compliant by including language for the FSMC to purchase domestic foods to ensure the SFA complies with the Buy American provision in 7 CFR 21021(d) and SP02-2017 and SP38-2017, Compliance with and Enforcement of the Buy American provision?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Section B: SOLICITATION - NONCOMPETITIVE PROPOSALS (when only one response was received to the solicitation)</p>		
<p>[REWORD] 21) Is the SFA compliant by using the noncompetitive proposal method due to public exigency/emergency, authorized by FNS or State agency; after solicitation from a number of sources, competition was inadequate, or item only available from a single source? [2 CFR 200.320(f)]</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Section C: EVALUATION AND AWARD</p>		
<p>[REWORD] 22) For IFBs/RFPs: Is the SFA compliant by opening all bids at the time and place prescribed (IFB) and awarding the contract to the lowest responsive and responsible bidder/offer most advantageous to the Program with price as the primary factor, Buy American (food), geographic preference, if applicable, and as published in the solicitation? [2 CFR 200.320(c-d) and July 2005 Procurement Questions, dated July 21, 2005.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>23) If any bids/offers were rejected, is the SFA compliant by using a sound and documented reason? [2 CFR 200.320(c)(2)(v)]</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>[REWORD] 24) If the solicitation included value-added language, is the SFA compliant by excluding any unallowable cost items prior to contract award? [SP 12 2016] (NOTE: Unallowable costs are goods/services not required for the operation and improvement of the food service.)</p>	<input type="checkbox"/>	<input type="checkbox"/>

QUESTIONS	Compliant	Non-Compliant
25) If an overly responsive bid/offer was received, is the SFA compliant by eliminating bids/offers, or the overly responsive portion, when evaluating and awarding the contract? (SP 12 2016)	<input type="checkbox"/>	<input type="checkbox"/>
26) Is the SFA compliant by complying with the LEA/SFA's written code of conduct and documented procurement procedures? [2 CFR Part 200.318]	<input type="checkbox"/>	<input type="checkbox"/>
[REWORD] 27) Is the SFA solicitation/contract compliant by awarding only a fixed price or cost-reimbursable contract type? (NOTE: A 'cost-plus-a-percentage-of-cost' and/or 'cost-plus-a-percentage-of-income' contract type is prohibited? [7 CFR 210.16(c)])	<input type="checkbox"/>	<input type="checkbox"/>
28) For cost reimbursable contracts only: Is the SFA solicitation/contract compliant by containing a statement that the FSMC will ensure its system of inventory management will not result in the recipient agency being charged for donated foods.	<input type="checkbox"/>	<input type="checkbox"/>
COMMENTS:		

FOOD SERVICE MANAGEMENT COMPANY CONTRACT(S)

NA

FOOD SERVICE MANAGEMENT COMPANY CONTRACTS (REVIEW YEAR WORKSHEET)			
<p>Renewal Year Review [NEW] Use this tab when reviewing SFAs with an FSMC at least once during each 3-year period (7 CFR 210.19(a)(5)). The State agency is to ensure the SFA monitors its FSMC performance, for the return of the value of USDA Foods to the nonprofit food service account for both fixed-price and cost-reimbursable contracts, cost of goods, and the receipt of discounts, rebates, and credits in cost-reimbursable contracts.</p>			
<p>Per the Procurement Selection Chart, if the State agency is conducting an initial review of a SFA's solicitation and/or contract as part of the State agency approval process required under 7 CFR 210.16(a)(9) and 7 CFR 210.19(a)(5) (<i>separate from this procurement review</i>), please complete ALL sections in the SA PRE-APPROVAL FSMC CHECKLIST--Base Year Review workbook tab (NOT this tab). <i>Use this tab if the review is conducted during a renewal year.</i> [NEW] All FSMC contracts held by an SFA will be reviewed at least once during each 3 year period.</p>			
<p>Complete ALL sections in the SA PRE-APPROVAL FSMC CHECKLIST--Base Year Review workbook tab when reviewing for approval of a first year FSMC contract. This tab, FOOD SVC MANAGEMENT COMPANIES--Renewal Year Review workbook tab is for use when reviewing requirements for State agency oversight once in 3 years. Determine if the SFA is providing sufficient oversight of their FSMC contract as approved by the State agency and implemented by the SFA. The reviewer will examine contract renewals/amendments (if any are executed after the original contract/amendment was approved by the State agency) to ensure no further amendments were made without the State agency review and approval. RESPONSES: Yes = Compliant; NO= Non-compliant. A response of not applicable is not used in this review tab.</p>			
Section A: State Agency Review of FSMC Contract Amendments Approved by SFA During Renewal Years			
Renewal years & Amendments: Determine if any amendments were made to the contract during a renewal year.	Compliant	Non-Compliant	Comments/Technical Assistance
1) Were amendments made to the contract without State agency prior approval?	<input type="checkbox"/>	<input type="checkbox"/>	
[REWORD] a.) If amendments were made, was a material change made? (NOTE: Compare all amendments to the original contract to determine if a material change in scope was made such as the addition of other Programs, adding other parties not included in solicitation, investments such as capital equipment, adjustments for which prior approval was not obtained by the State agency or increases in the contract amount to more than the Simplified Acquisition Threshold (2 CFR 200.324(b)(5) or other changes otherwise specified in the solicitation/contract.) (If a material change was made, this is a finding requiring a new solicitation.)	<input type="checkbox"/>	<input type="checkbox"/>	
2) Is the SFA compliant with excluding unallowable costs? [Note: scholarships/gifts/playground equipment/scoreboards, etc. The nonprofit food service account is only for operating and improving the food service.]	<input type="checkbox"/>	<input type="checkbox"/>	

Section B: SFA RESPONSIBILITIES: Review the SFA responsibilities to ensure FSMC compliance with 7 CFR 210.16(a)(1-10).			
[NEW A-E] 3 Is the SFA compliant with ensuring the FSMC operates in conformance with the SFA-State agency agreement: (NOTE: FSMC is contracted to operate only approved Programs and State agency agreement provisions as follows. This entails having an SFA employee/official: (see a-e below) [7 CFR210.16(a)(2)])	<input type="checkbox"/>	<input type="checkbox"/>	
a) retains signature authority of agreement, F/R policy, and claims? (7 CFR 210.16(a)(5)) (NOTE: SFA employee is the approving official for the free/reduced eligibility applications, direct certification process, benefits issuance list, submission of claims for reimbursement, and verification requirements? Check agreement/State system, record official name, confirm if SFA or FSMC employee.)	<input type="checkbox"/>	<input type="checkbox"/>	
b) conducts periodic on-site monitoring visits of each site where meals are served? [7 CFR 210.16(a)(3) (NOTE: Review SFA documentation confirming visits, record issues noted and corrected, total number of visits, and ensure all sites were visited at least 1 time per year. Monitoring may include, but is not limited to: meal counting by student eligibility; compliance with the meal pattern and 21-day cycle menu as approved in the IFB/RFP, or amended with SFA approval)]	<input type="checkbox"/>	<input type="checkbox"/>	
c) retains control of meal quality, extent, general nature of food service, and meal prices? (7 CFR 210.16(a)(4) (NOTE: Board minutes document price changes approved by Board.)	<input type="checkbox"/>	<input type="checkbox"/>	
d) ensures the FSMC maintains applicable health certification meeting all State/local requirements at all locations serving meals (7 CFR 210.16(a)(7))	<input type="checkbox"/>	<input type="checkbox"/>	
e) establishes an advisory board composed of parents, teachers, and students to assist in menu planning? (7 CFR 210.16(a)(8))	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 4 Is the SFA compliant with monitoring the FSMC to ensure the FSMC purchases domestic foods? (Domestic foods are produced and processed in the United States, and for processed foods, contain over 51% domestic food components, by weight or volume, to comply with the Buy American provision? [(7 CFR 210.21(d) and SP38-2017, Compliance with and Enforcement of the Buy American Provision dated June 30, 2017] (NOTE: Refer to the AR Manual, Food Safety, Storage, and Buy American to answer this question.)	<input type="checkbox"/>	<input type="checkbox"/>	

Section C: FSMC Provisions in Agreements/Contracts	Compliant	Non-Compliant	Comments/Technical Assistance
<p>[NEW] 5) Is the SFA compliant with monitoring the FSMC agreement requirements in (7 CFR 210.16(c)(1-3)) to maintain records to support the SFAs Claim for Reimbursement and providing SFA claim information promptly at the end of each month and upon request; having compliant health certifications; no spoiled or unwholesome meals; or meals not meeting SFA food component specifications?</p>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:			
Section D: MANAGING USDA FOODS (NOTE: Obtain the SFA planned assistance level from the State Distributing Agency to answer questions below.)	Compliant	Non-Compliant	Comments/Technical Assistance
<p>[REWORD A-B] 6) Is the SFA compliant with annually and at contract termination, ensuring the value of USDA Foods accrues to the NFSAs and these are fully utilized? [7 CFR 210.16(a)(6) and 7 CFR 250.54(c) and 250.51(a)]. (NOTE: Review SFA reconciliation of planned assistance with USDA Foods credits using FSMC invoices. (NOTE: Both fixed price & cost reimbursable contracts. (Note discrepancies in comments.)</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>a) If yes above, is the SFA compliant with receiving the full value of USDA Foods from the FSMC in relation to their planned assistance level provided by the State Distributing Agency?</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>b) If no above, (did not receive the full value of USDA Foods from the FSMC), is the SFA compliant with pursuing the variance with the FSMC and State Distributing Agency to come to a resolution?</p>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:			

Section E: CONTRACT MONITORING SECTION (REVIEW OF 3 FSMC INVOICES- 1-first invoice in original contract year and 2 invoices in current review year. (NOTE: Ensure the SFA is paying the FSMC as contracted. 1st invoice paid during the original base year contract ensure SFA did not pay FSMC prior to contract approval. Renewal year ensures SFA is paying FSMC as contracted. Fixed price/meal contracts are paid based on meals x rate, or cost-reimbursable based on invoiced allowable costs with discounts, rebates and credits identified on the invoice for costs to be "net" as required in the contract. *If management/administrative fees are prorated* based on a fixed fee/meal estimated for the annual total dollar value and paid monthly **this language will be included in the original solicitation and contract and the actual number of meals x fee rate/meal are **reconciled before the last annual payment** is made to the FSMC. Determine if the SFA is reconciling the fee/meal before the last annual payment.) Also, ensure the value of USDA Foods received is submitted on invoices and the annual amount credited by the FSMC is reconciled with the SFAs planned assistance level assigned by the State Distributing Agency. If a cost-reimbursable contract is used, ensure discounts, rebates, and credits are disclosed on invoices for commercial foods/supplies purchased and billed to the SFA.)**

QUESTIONS	Compliant	Non-Compliant	NA
<p>[REWORD] 7) Is the SFA compliant with not paying any funds to the FSMC from the NFSA prior to the approval of the FSMC contract AND IN SUBSEQUENT YEARS, RENEWALS/ AMENDMENTS? (NOTE: Review by checking 1st invoice in the base year. Recording information such as amount paid/date of payment/invoice # in comments helps verify finding.)</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[REWORD] 8) Is the SFA compliant with monitoring FSMC invoices submitted to account for rebates, discounts and credits for commercially purchased foods (cost-reimbursable contracts) and for USDA Foods (fixed-price and cost-reimbursable contracts)? (NOTE: Fixed price contract, pre-crediting of USDA Foods is allowed IF in the SFA solicitation/contract. If no language on pre-crediting exists, credits are disclosed [on invoices] (method and frequency designated in the solicitation and is not less than annually).</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[NEW] 9) Cost-reimbursable contracts: Is the SFA compliant with validating FSMC invoices are actual and allowable expenses billed to the NSFSA prior to payment from NSFSA? (Check invoices for validation statement and if discrepancies, record invoice date/#.) (2 CFR 200.403 and 200.405)</p>			
<p>[NEW] 10) Is the SFA compliant with maintaining on-site records to document expenses (i.e., food, supply, labor, etc. invoices) provided by the FSMC? (NOTE: Check recordkeeping system. [7 CFR 210.16(c)(1) & 210.23(c)])</p>	<input type="checkbox"/>	<input type="checkbox"/>	

QUESTIONS	Compliant	Non-Compliant	NA
<p>[NEW] 11 [Cost-reimbursable contracts]: If the FSMC employs the food service staff, is the SFA compliant with auditing time reports on FSMC invoices submitted to the SFA to ensure only actual work hours are billed and does the SFA validate invoices submitted to SFA to ensure expenses are not double billed (EX. billed as operating expense in more than one category or billed as operating expense and as an administrative expense)? (NOTE: Review one timesheet, as applicable. Note discrepancies in comments.) (2016 FSMC Handbook for SFAs, Appendix H)</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[REWORD] 12 Is the SFA compliant with contract monitoring? [2 CFR 200.318(b)] Review FSMC invoices to ensure the method of paying FSMC is correct as specified in the solicitation and contract, the value of USDA Foods is credited (fixed-price and cost-reimbursable contracts), and discounts, rebates, and credits are reported and credited according to the frequency in cost-reimbursable contracts. (NOTE: Payments may not be prorated based on an estimated average annual value unless this was specified in the solicitation and all prorated payments are reconciled prior to the end of the year to ensure the FSMC is paid the correct amount owed.)</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[NEW] 13 Is the SFA compliant with monitoring the FSMC to ensure domestic foods are purchased? (NOTE: Domestic foods are foods produced and processed in the U.S substantially using over 51% domestic foods by weight or volume ('Buy American'). [7 CFR 210.21 and SP38-2017, <i>Compliance with and Enforcement of the Buy American Provision</i>, June 30, 2017])</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[NEW] 14 (For cost-reimbursable contracts only): Is the SFA compliant with monitoring FSMC invoices to ensure they pay 'cost' for the goods/services billed for payment? (FSMC Handbook for SFAs pg. 37)</p>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:			

PROCESSING CONTRACTS REVIEW FORM

NA

<p>Processing Contracts (7 CFR 250.31 Procurements are to comply with 2 CFR 200 and part 400, as applicable in purchasing services from processors.</p> <p style="text-align: center;">This tab is NOT applicable for State agencies approved to offer cash-in-lieu of commodities</p>				
<p>Section A: STATE AGENCY INSTRUCTIONS: IN ADDITION TO THE APPLICABLE PROCUREMENT METHODS TAB, USE THIS TAB FOR CONTRACTS SELECTED WHERE PROCESSED END PRODUCTS FOR USDA FOODS ARE PROCURED. The State agency conducting the review of processing needs to know: 1) Which State agency oversees USDA Foods distribution (the State Distributing Agency (SDA)); 2) Does the SDA conduct the procurement of processors on behalf of SFAs; 3) Are there exceptions to SDA procurement of processors (i.e., SFAs that conduct their own procurement such as large SFAs within the State. 4) What oversight does the SDA have in place to adjust inventory levels throughout the year; 5) Does the SDA implement a "sweeps" process; (NOTE: sweeps is an annual adjustment to an SFAs planned assistance and diverted USDA Foods if SFAs do not use their inventory); and 6) Does the SDA periodically adjust orders due to inventory levels?)</p> <p>If the SDA does not procure processors on behalf of SFAs, obtain the following information: State template processing contract/agreement, State-approved list of foods for processing and value pass-through amount for each food, and the planned assistance/entitlement level for SFAs during the prior school year and/or current school year, if applicable for new SFAs. Ask the State Distributing Agency for any additional documentation that may be State specific for conducting a review of processors for USDA Foods. Responses: Yes=Compliant; No= Non-compliant.</p>				
REVIEW QUESTIONS	Compliant	Non-Compliant	NA	Comments/Technical Assistance
<p>1) If the SFA received processed products only via processors contracted by the State Distributing agency, is the SFA compliant with actively using USDA Foods and processed end products as evidenced by the SFA's inventory level during the review period? (NOTE: An excessive or unused pounds/inventory at the processor (> 6 months based on average monthly usage). No is a finding [7 CFR 250.30(n)] (There is no intent for the State agency to calculate a 6 month inventory, rather, to consider if usage is being monitored.)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>SECTION B. STATE AGENCY INSTRUCTIONS: Answer Q2 through Q8, as applicable, if the SFA is self-operating and procures its own processors using the fee for service value pass-through method. Obtain copies of solicitation documents. Evaluate compliance with Federal requirements for specifications, evaluation and scoring criteria, contract award for lowest/most advantageous bid/offer, required contract provisions, presence of unallowable cost provisions, over-responsiveness, etc. If the State does not procure processing contracts for SFAs, determine State-approved value pass-through methods; State approved processors, and any additional information the agency can provide to answer all questions below.</p>				

REVIEW QUESTIONS	Compliant	Non-Compliant	NA	
[REWORD] 2) Is the SFA compliant with soliciting for and receiving SDA approved USDA Foods processed end products and only the approved value pass-through (VPT) methods ? (NOTE: VPT= rebate, net-off invoice, fee for service, etc. No is a finding) [7 CFR 250.2])	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Section C: Evaluation and Contract Award				
3) FOR USDA FOODS ONLY: Is the SFA compliant with ensuring the value pass-through method in the solicitation and contract match? (NOTE: Q assumes the SFA is procuring commodity processed end products and commercial purchases from a distributor in the same solicitation) (NOTE: NO is a finding.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ADDITIONAL COMMENTS:				
Section D: Contract Performance Management Process				
	Compliant	Non-Compliant		
4) Is the SFA compliant with receiving the value of USDA foods as stated on the State-approved Summary End Product Data Schedule (SEPDS)? (NOTE: No is a finding. NOTE: The SEPDS value is also known as the contract value. It is the USDA established value for each raw material. Pass through of 'full entitlement' may not occur. Rather, SFAs may receive a larger/smaller discount/credit from processors paid by USDA from entitlement funds.) [7 CFR 250.30(c)(5)(viii)(A)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5) If the SFA received less than the full value of its USDA Foods from the processor, is the SFA compliant with pursuing the difference with the processor and coming to a reasonable conclusion or working with the State Distributing Agency to reconcile the difference? (NOTE: NO is a finding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6) Is the SFA compliant with monitoring contractor performance (contract terms/conditions/specifications as required quarterly, semi-annual, annual reports - programmatic, financial, or both)? (NOTE: NO is a finding.) [2 CFR 200.318(b)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
[NEW] 7) Is the SFA compliant with having food recall procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

REVIEW QUESTIONS	Compliant	Non-Compliant	NA	
<p>[NEW] 8) If yes, are the food recall procedures in compliance with 7 CFR 250? (NOTE: SFA responsibilities include: Implementing the recall procedures upon notification of a recall of USDA Foods; Assigning a food safety coordinator and alternate, and provide the names, titles, email addresses, and telephone and fax numbers of the coordinator and alternate to the SDA; Maintaining a contact list for RA serving sites, distributors, and other recipients. This list should have two recall contacts per site and be verified annually; Notifying all sites re: recall immediately – 24 hours or less, and ensure that the affected products are isolated and labeled “Do Not Use” to avoid accidental use; Identifying the locations of the affected products, and verify that the products have the correct product identification codes; Contacting further processors to track redirected food affected by the recall; Conducting an inventory assessment – 48 hours or less, of affected product: Served; Remaining in-stock at schools, warehouses, and distributors; Further distributed to program participants; Redirected for further processing; Submit the inventory assessment information to the SDA; and Follow applicable destruction/disposal instructions provided by the SDA.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>[NEW] State agency instructions: A complete review of processing of USDA Foods includes answering the questions in this tab AND in the applicable procurement tabs: small purchase procedures and formal procurement.</p>				
<p>ADDITIONAL COMMENTS:</p>				

LOCAL AGENCY PROCUREMENT REVIEW TOOL

SUMMARY OF FINDINGS WORKSHEET *TEMPLATES*

State agency instructions: *Template forms are provided as questions will not auto-populate from the review sections as in the Excel version of the Tool. Reviewers will input the information, vendor/contract name, review question, reviewer comments, finding, and required corrective action. If additional pages are needed to record the information, additional pages may be used as needed. Please see the note below that each row expands to accommodate additional space as needed when entering information using this Word format.*

TEMPLATE: GENERAL STANDARDS SUMMARY OF FINDINGS				
Vendor/Contract Name	Review Question	Reviewer Comments	Finding	Required Corrective Action
	[Copy and paste review question here. This space will expand with the amount of space required.]		[This will expand as the reviewer writes and needs additional space for findings.]	

TEMPLATE: MICRO-PURCHASE METHOD SUMMARY OF FINDINGS				
Vendor/Contract Name	Review Question	Reviewer Comments	Finding	Required Corrective Action
	[Copy and paste review question here. This space will expand with the amount of space required.]		[This will expand as the reviewer writes and needs additional space for findings.]	

TEMPLATE: PROCESSING CONTRACTS SUMMARY OF FINDINGS				
Vendor/Contract Name	Review Question	Reviewer Comments	Finding	Required Corrective Action
	[Copy and paste review question here. This space will expand with the amount of space required.]		[This will expand as the reviewer writes and needs additional space for findings.]	