**Instructions/Overview of a Local agency Procurement Review for School Food Authorities**

**Purpose**

The purpose of a procurement review is for State agencies to ensure the procurement process conducted by school food authorities (SFAs) complies with Program and the government-wide procurement standards. Procurement standards must be conducted in a manner providing full and open competition (2 CFR 200.319(a)).

**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 must follow to competitively procure goods and services, award contracts, and oversee contractor performance, (2 CFR 200.318(b)). State agencies are required to ensure that SFAs comply with the applicable provisions through audits, administrative reviews, technical assistance, training guidance materials and by other means,

(7 CFR 210.19(a)(3)).

In an effort to provide State agencies with a resource for use with all procurement reviews, the USDA Food and Nutrition Service (FNS) created a Local Agency Procurement Review Tool (Tool) that State agencies may use 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 provided, and establish findings and required corrective action, as applicable. The Tool is designed to help State agencies provide sufficient procurement oversight of and technical assistance for SFAs.

**Snapshot of a Procurement Review**

The State agency will 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

* Conduct the review either on-site or off-site, or both
* Report review results with the SFA
* Require corrective action, as applicable
* Review and approve the corrective action, as applicable
* Close the review

**Step 1**: 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 expenditures by vendor
* Provide procurement documentation of purchases from awarded vendor selected by the State on which the review will be conducted

**Step 2**: Scheduling the Review

State agencies will contact the SFA to schedule the procurement review. FNS recommends the procurement review be conducted on the same schedule as the Administrative Review either as an add-on to the Administrative Review, or as a separate review which the State may establish. Reviewing procurement on the same cycle as the Administrative Review prevents the State from maintaining two review cycles, one for Administrative Reviews and one for procurement reviews.

Once the State agency communicates the scheduled review, notification may include a Procurement table for the SFA to complete, include a request for information and confirm if the review will be conducted off-site, on-site, or both.

* If off-site, the SFA will provide the State agency with the requested procurement documentation for review either electronically via email or by regular mail. The entrance conference, review, and exit conference will be conducted off-site.
* If on-site, the requested procurement documentation will be reviewed on-site. The entrance conference, review, and exit conference will be conducted on-site.
* If both, the State may review documentation on-site and/or off-site if needed, and conduct an entrance and/or exit conference on-site.

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

**Step 3**: Documentation to be requested.

The State agency may send the SFA a tab from the Tool, the SFA Procurement Table. This is a tab within the Excel spreadsheet that contains questions and a table the SFA will complete on the vendors supplying goods and services to the SFA.

SFA Procurement Table

This tab from the FNS Tool, Excel spreadsheet, includes questions and a table for SFAs to input the:

* Dollar value of the SFA small purchase threshold
* Memberships at retail and/or wholesale club warehouses
* Use of group purchasing/buying organizations and/or cooperatives
* Information regarding their purchases such as:
  + Vendors
  + Total paid/vendor
  + Goods/services purchased, and
  + Competitive procurement method to procure the product (s) or service (s)

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

* Save the Excel file and return the file to the State agency via email.
* Provide a “vendor paid list”/summary of expenses by vendor.

*A vendor paid list/summary of expenses by vendor is a report from the SFA accounting system that identifies all vendors paid from the nonprofit food service account and summarizes the total amount paid to each vendor for the period of review. Additional details related to these review components are included below.*

Optional approach:

The State agency may choose not to send the SFA Procurement Table to the SFA. Rather, the State agency may request the SFA send only the vendor paid list/summary of total expenditures report by vendor. In this case, the State agency will:

* Interview the appropriate SFA representative to answer the questions regarding the small purchase threshold, memberships, and group purchasing/involvement in SFA cooperatives as noted above
* Review the vendor paid list/summary of total expenditures report by vendor, and
* Complete the SFA Procurement Table for the SFA

Once the State agency receives the responses to the questions, the SFA Procurement Table, and vendor paid list/summary of expenses by vendor from the SFA accounting system, the State agency will select vendors/procurements for review. The State agency will use a Procurement Selection Chart to determine vendors for review and request documentation to determine how the SFA competitively procured vendors to supply goods and services.

**Step 4**: List of Documentation to Provide to the State

The State agency will request copies of the following documentation:

* Vendor paid list/summary report of expenditures by vendor
* Supporting procurement documentation (solicitations, evaluation, and contracts) for each vendor selected for review (2 CFR 200.318(i))
* Amendments to contracts
* Procurement procedures/SFA Procurement Plan (2 CFR 200.318(a) and 7 CFR 210.21(c))
* Contractor oversight (2 CFR 200.318(b))
* Code of conduct (2 CFR 200.318(c) and 7 CFR 210.21(c))
* Intergovernmental or inter-entity agreements, if applicable (2 CFR 200.318(e))
* Settlement and satisfaction of contractual and administrative issues arising out of procurements (protests, disputes, etc.)

**Step 5**: State agency review process

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

**Step 6**: 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 each applicable tab:

* General procurement standards
* Micro-purchase method
* Small Purchase Procedures
* Sealed Bids/Competitive Proposals
* FSMC
  + Base year (as applicable)
  + Renewal year
* Processing Contracts

What’s in each tab?

Each tab includes a list of questions and the applicable procurement standards for each question. The questions enable a review of the SFA's procedures from the solicitation, evaluation, and contract award process through the oversight of contracts.

**Step 7**: Reporting the results of the review: Summary of Findings Tabs

A Summary of Findings tab will compile review results by the SFA procurement method used. The State agency may provide technical assistance and establish findings and required corrective action, as applicable.

**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 must review all SFA’s once in each 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.