This FAQ document covers procurement guidance when purchasing using School Nutrition Program (SNP) funds. It is not the Texas Department of Agriculture's (TDA's) primary source of procurement guidance for SNPs but is intended as a quick reference for common procurement questions. The Administrator's Reference Manual (ARM) contains TDA's in-depth procurement guidance and may be referenced at SquareMeals.org.

TABLE OF CONTENTS

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Food and Nutrition Division

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Updated 11/4/2021
www.SquareMeals.org

11. Are CEs required to submit a sole source request annually for POS software or support?

12. How do I know whether to use a sole source procurement or an emergency procurement?

PROCUREMENT REVIEWS

13. What documentation should be used to show management of each vendor contract?

14. I received the Procurement Review (PR) table. How do I know what goes where?

15. If a distributor substitutes items without the CE's knowledge, how does this impact a procurement review?

HELPFUL RESOURCES

Training

Texas Department of Agriculture (TDA) Policy

Code of Federal Regulations (CFR)

USDA Policy

Food and Nutrition Division

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER
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Updated 11/4/2021
www.SquareMeals.org

PROCUREMENT THRESHOLDS

1. **What threshold applies to informal procurements? Formal procurements?**

   There are two types of procurement methods that CEs may use—formal and informal. The decision to use formal or informal is based on (1) the total estimated cost of the purchase, (2) whether the cost exceeds the simplified acquisition threshold, and (3) any additional procurement regulations that apply to the procurement method chosen.

Method		Threshold
Informal	Micro-Purchase	$10,000 **or** up to $50,000 if self-certified with TEA. See Question #3.
	Small Purchase (Simplified Acquisition Threshold)	For most schools, less than $50,000. See Question #2.
Formal	Request for Proposal (RFP)	Required if greater than the simplified acquisition threshold.
	Invitation for Bid (IFB)	

   For detailed information on procurement thresholds, refer to:

   ARM, Section 17 Procurement, Procurement Purchasing Methods (pages 27-47)

2. **Why is the simplified acquisition threshold in Texas lower than the federal threshold? Further, if a local, state, or federal threshold differs, which applies?**

   CEs must follow the most restrictive threshold that applies when spending Child Nutrition (CN) funds. The applicable threshold will depend on the type of entity the CE is and the agency or organization that has regulatory authority over the entity for purchasing. There is no simplified acquisition threshold higher than $50,000 for

Food and Nutrition Division

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER
This product was funded by USDA.
This institution is an equal opportunity provider.

Updated 11/4/2021
www.SquareMeals.org

schools in Texas and as such, CEs in Texas must apply a lower threshold than the $250,000 federal threshold.

For example, the simplified acquisition threshold for schools regulated by the Texas Education Agency (TEA) is less than $50,000.[1] These schools must use TEA's more restrictive threshold unless the local threshold is lower, in which case, the local threshold would then apply.

For more information regarding the different simplified acquisition thresholds that apply to schools in Texas, refer to:

ARM, Section 17 Procurement, Most Restrictive Simplified Acquisition Threshold (pages 28-29)

3. **How do I self-certify a higher micro-purchase threshold?**

At this time, only public and charter schools are able to self-certify a higher micro-purchase threshold up to $50,000. The Texas Education Agency (TEA) manages the self-certification process.

TEA's website contains information on how to self-certify: https://tea.texas.gov/about-tea/news-and-multimedia/correspondence/taa-letters/changes-to-federal-grant-regulations

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[1] Texas Education Code (TEC) 44.031.

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Food and Nutrition Division

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This institution is an equal opportunity provider.

Updated 11/4/2021
www.SquareMeals.org

GENERAL PROCUREMENT

4. **Where can I find requirements for what must be included in district procurement procedures and a code of conduct policy?**

    Refer to *ARM, Section 17a Procurement Procedures* for the requirements that must be included in the procurement procedures and code of conduct.

5. **When must a cost analysis be conducted?**

    The CE must perform a cost analysis before issuing a solicitation. In conducting a cost analysis, the CE will utilize forecasting tools as well as any other available tools or strategies that may help the CE to identify the estimated cost of the products and/or services to be purchased. Because it helps identify the most reasonable price, conducting a cost analysis is good general practice prior to informal procurement.

    For more information, refer to:

    ARM, Section 17 Procurement, Cost Analysis and *Forecasting*.

6. **What is "aggregate purchase amount" and how does it apply to micro-purchasing?**

    The aggregate purchase amount is the total cost of all products and services in a single procurement transaction. For micro-purchases, there are three elements for proper procurement: (1) aggregate purchase amount less than the $10,000 threshold, (2) equitable distribution of purchases, and (3) reasonable cost.

    A good general practice during the forecasting and budget process is to consolidate all products and services that fall under the same category and determine the annual cost. If the estimated total annual cost for any such product or service exceeds the micro-purchase threshold, the CE should determine if the small purchase method might be more cost effective than multiple micro-purchases and document justification for the method chosen.

Food and Nutrition Division

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

This product was funded by USDA.
This institution is an equal opportunity provider.

Updated 11/4/2021
www.SquareMeals.org

For more information, refer to:

[ARM](), *Section 17 Procurement, Informal Procurement Methods*.

7. **Can the micro-purchase method be used to purchase produce?**

Due to the perishable nature of produce and limited cold storage capacity for some CEs, a CE may need to purchase produce frequently to obtain competitive pricing. In the rare case that a CE cannot obtain quotes from two or more produce vendors, a micro-purchase may be appropriate. The CE must be able to justify why micro-purchase was the best method and maintain documentation to support it.

8. **Is it acceptable to use the micro-purchase method for emergency food shortages or, if time does not permit, purchase from the contracted distributor?**

The micro-purchase method is not an emergency purchase method, but it may be used in situations where a single purchase transaction is less than the micro-purchase threshold and the CE utilizes multiple suppliers for these micro-purchases. Forecasting should be utilized to determine the appropriate procurement method required.

9. **How do I use a Group Purchasing Organization (GPO) like Buy Board™ for procurement?**

The TASB Buy Board™ is a Group Purchasing Organization (GPO) that has pricing catalogs from various vendors. When using a GPO for formal procurements, all elements of formal procurement must be followed. For small purchases, CEs may utilize a GPO to solicit individual pricing from vendors to ensure that the best value is obtained by the district. Use of the GPO does not eliminate the requirements for multiple quotes. CEs may obtain multiple quotes from various vendors utilizing the GPO and keep the comparison documentation on file. This information can be provided during the procurement review to demonstrate compliance.

Food and Nutrition Division

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

This product was funded by USDA.
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Updated 11/4/2021
www.SquareMeals.org

NON-COMPETITIVE PROCUREMENT

10. **How do I submit an emergency or a sole source request for approval?**

    Complete and submit the *Emergency or Sole Source Request Form*:
    https://app.smartsheet.com/b/form/c6689484ed8a4b45846e10ebcb24fd23

    TDA approval is required prior to any purchase.

11. **Are CEs required to submit a sole source request annually for POS software or support?**

    Yes, the sole source request must be submitted and approved by TDA <u>before any purchase.</u>

12. **How do I know whether to use a sole source procurement or an emergency procurement?**

Sole source procurement may be used if there is only one supplier or vendor for a specified item. Emergency procurement exists when there are multiple providers but due to unforeseen emergency circumstances, additional time is needed to complete the procurement process for a new vendor. Emergency procurements are not eligible for renewal.

PROCUREMENT REVIEWS

13. **What documentation should be used to show management of each vendor contract?**

    This is a collaborative effort between the CE and their purchasing department or the cooperative. The processes must be written into the CE's procurement procedures and followed. At a minimum, CEs must show:

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Food and Nutrition Division

This product was funded by USDA.
This institution is an equal opportunity provider.

Updated 11/4/2021
www.SquareMeals.org

a. Invoice tracking methods validating that the price invoiced is the contracted price for the product or service.

b. Documentation demonstrating that the CE is receiving credit for USDA Foods purchased or delivered, depending on the value pass through method utilized.

c. Documentation of any purchases from the awarded vendor not on the specifications, including documentation of substitutions.

d. Documentation that the CE is adhering to all elements of the contract.

14. **I received the Procurement Review (PR) table. How do I know what goes where?**

Purchases from vendors are placed in the procurement table according to the procurement method utilized to obtain the vendor.

If a CE utilized multiple purchasing methods for the same vendor, the items should be categorized by the respective purchasing threshold. For example, a CE purchased line items awarded under a formal procurement utilized by the district's purchasing department or cooperative. If the CE also purchased off-bid items from the same vendor, the CE would record those purchases in the PR table according to the procurement method used to purchase: micro, small, or formal.

15. **If a distributor substitutes items without the CE's knowledge, how does this impact a procurement review?**

Districts are required to confirm that the proper items are provided from the distributor. If an item not procured is substituted, the CE should contact the distributor and document what occurred. This shows that the CE tried to obtain the procured product and through no fault of the CE was provided a substitute. However, this does not set a precedence for continued acceptance of a substituted item.

Food and Nutrition Division

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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Updated 11/4/2021
www.SquareMeals.org

HELPFUL RESOURCES

Training

TDA procurement training resources are available at SquareMeals.org: https://squaremeals.org/Programs/NationalSchoolLunchProgram/Compliance/ProcurementReview.aspx

In addition, the Institute of Child Nutrition, www.theicn.org, offers procurement training resources available for free to districts and the Texas Association of School Business Officials (TASBO) provides procurement training annually.

Regional Education Service Centers (ESCs) are good resources for CE procurement questions.

Texas Department of Agriculture (TDA) Policy
- Administrator's Reference Manual (ARM)

  o Section 16, Financial System

  o Section 16c, Contract Management

  o Section 17, Procurement

  o Section 17a, Procurement Procedures

  o Section 17b, Buy American

  o Section 17c, Cooperative Purchasing

  o Section 18, Food Service Contracts

Code of Federal Regulations (CFR)
- 2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards

  o §200.318 – §200.338

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Food and Nutrition Division

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Updated 11/4/2021
www.SquareMeals.org

- [7 CFR 210, National School Lunch Program](#)

    - §210.21

USDA Policy

- [SP 38-2017, Compliance with and Enforcement of the Buy American Provision in the National School Lunch Program, dated June 30, 2017](#)

- [SP 05-2017, Q&A: Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Services, dated October 19, 2016](#)

- [SP 40-2016, Updated Guidance: Contracting with Food Service Management Companies, dated June 2, 2016](#)

- [SP 02-2016, Questions and Answers on the Transition to and Implementation of 2 CFR Part 200, dated October 30, 2015](#)

Food and Nutrition Division

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COMMISSIONER SID MILLER
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(1)   mail: U.S. Department of Agriculture
                Office of the Assistant Secretary for Civil Rights
                1400 Independence Avenue, SW
                Washington, D.C. 20250-9410;

(2)   fax: (202) 690-7442; or

(3)   email: program.intake@usda.gov.

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