Click on the link below to access the recorded training:
https://alsde.webex.com/alsde/lhr.php?RCID=f0bea9dded8343eb8b67d9defd2bcfb3
# Administrative & Procurement Review Training

*presented by*

Alabama State Department of Education

## AGENDA

**Thursday**  
**February 18, 2021**

**Virtual Training**

**Montgomery, AL**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>9:00 - 9:05</td>
<td>Log In to Training/Housekeeping</td>
<td>Robbie Scott</td>
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<tr>
<td>9:05 - 9:10</td>
<td>Greetings from ALSDE</td>
<td>Angelice Lowe</td>
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<td></td>
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<td>Interim Coordinator</td>
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<td>ALSDE CNP</td>
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<tr>
<td>9:10 - 10:10</td>
<td>School Programs: Tips for Success</td>
<td>Chad Langston</td>
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<td>Senior Nutritionist</td>
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<td>10:10 - 10:20</td>
<td>Break and Stretch</td>
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<td>10:20 - 11:10</td>
<td>Auditing: Tips for Success</td>
<td>Steven Rylant</td>
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<td>Senior Accountant</td>
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<tr>
<td>11:10 - 11:45</td>
<td>All About the Procurement Review</td>
<td>Debbie Harris</td>
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<td>Senior Accountant</td>
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<tr>
<td>11:45 - 12:00</td>
<td>Questions and Answers/Closing</td>
<td>ALSDE Staff</td>
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WHY 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 always be considered when using federal funds. Federal, state and local laws with regulations specify the procurement methods and terms along with conditions SFAs use to competitively procure goods and services, award contracts, and oversee contractor performance. State agency supervision is needed to ensure SFAs comply with the applicable provisions through audits, administrative reviews (ARs), technical assistance, training materials and other means.
The State agency will contact the School Food Authority to schedule the procurement review. Procurement review will often be conducted in the same year that an SFA receives an Administrative Review. The State agency will send the SFA the “SFA Procurement Table” to collect procurement information from the SFA. The “SFA Procurement Table” will need to be completed with information about the vendors that supplied goods and services to the SFA during the previous school year.
## SFA Procurement Table

### SFA Instructions:
List name(s), position(s)/title(s) and contact information of those person(s) authorized by the LEA/SFA as procurement agent(s) and who is/are responsible for compliance with local, state and federal program regulations, including Child Nutrition Program requirements.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Title</th>
<th>Responsibilities (Ex: conducts micro-purchases, small purchase procedures, develops IFB/RFPs, monitoring etc.)</th>
<th>Contact Information</th>
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### Micro & Small Purchase Threshold Information:

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>[NEW] What is the LEA/SFA micro-purchase threshold?</td>
<td>$0.00</td>
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<tr>
<td>[NEW] What is the STATE micro-purchase threshold, if applicable?</td>
<td>$0.00</td>
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<tr>
<td>What is the LEA/SFA small purchase threshold?</td>
<td>$0.00</td>
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<tr>
<td>What is the STATE small purchase threshold, if applicable?</td>
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### Market Basket Analysis for Evaluation of Contract Award

[NEW] Market basket analysis is used by selecting "yes", "no" or "not applicable" then input information below, if used.

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>General Goods/Services Provided</th>
<th>Total Paid to 3rd party/Vendor</th>
<th>Group Purchasing Entity Type (All CN, Agent, 3rd Party)</th>
<th>Comments</th>
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### Group Purchasing Efforts (CN Cooperative, Agent, Third-party)

**SFA Instructions:** Answer if a group purchasing effort is used by selecting "yes", "no" or "not applicable" then input information below, if used.

<table>
<thead>
<tr>
<th>Group Purchasing Effort/Name</th>
<th>General Goods/Services Provided</th>
<th>Total Paid to 3rd party/Vendor</th>
<th>Group Type (CN Cooperative, Agent, 3rd Party)</th>
<th>Comments</th>
<th>(FOR STATE AGENCY USE ONLY) Select for Review?</th>
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### Micro Purchases (Purchases valued below $10,000, or most restrictive threshold)

**SFA Instructions:** Answer if micro-purchasing is used selecting "yes", "no," or "not applicable," then input information below, if used.

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>General Goods/Services Provided</th>
<th>Total Paid to Vendor</th>
<th># Purchases from this vendor during the SY?</th>
<th>Comments</th>
<th>(FOR STATE AGENCY USE ONLY) Select for Review?</th>
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### Small Purchase/Informal Purchases (Purchases valued below $250,000, or most restrictive threshold)

**SFA Instructions:** Answer if small purchase procedures are used by selecting "yes," "no," or "not applicable," then input information below, if used.

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>General Goods/Services Provided</th>
<th>Total Paid to Vendor (At/below $250,000 or above $250,000)</th>
<th># Purchases made from this vendor during SY? (one time vs multiple)</th>
<th>Was more than one response received to this solicitation?</th>
<th>Were purchases from a third-party entity?</th>
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### Formal Contracts: Sealed Bids/Competitive Proposals

- **SFA Instructions**: Answer if formal procedures are used by selecting "yes," "no," or "not applicable," then input information below, if used.

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Goods/Services Provided</th>
<th>Contract Value</th>
<th>Solicitation Type (IFB or RFP)</th>
<th>Contract Type (Fixed Price or Cost Reimbursable)</th>
<th>Contract Duration</th>
<th>Did the SFA receive more than one response to its solicitation?</th>
<th>Was this contract obtained using a CN Coop/Agent/3rd-party entity?</th>
<th>Was contract amended after award?</th>
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### Food Service Management Company (FSMC) Contracts

- **SFA Instructions**: Answer if a FSMC is contracted by selecting "yes," "no" or "not applicable" then input information below, if used.

<table>
<thead>
<tr>
<th>FSMC Name</th>
<th>Goods/Services Provided</th>
<th>Contract Value</th>
<th>Solicitation Type (IFB or RFP)</th>
<th>Contract Type (Fixed Price or Cost Reimbursable)</th>
<th>Contract Year</th>
<th>Did the SFA receive more than one response to its IFB/RFP?</th>
<th>Was this vendor/contract obtained through a CN Coop/Agent/Third-Party Entity?</th>
<th>Was contract amended after award?</th>
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### Processing Contracts for USDA Foods

- **SFA Instructions**: Answer if processing contracts are solicited by selecting "yes," "no" or "not applicable" then input information below, if used.

| Processor Name | Goods Provided | Contract Value | Procurement Type | Contract Duration | Did the SFA receive more than one response to its solicitation? | Was this vendor/contract obtained through a CN Coop/Agent/Third-Party Entity? | Were any amendments made to the original contract after it was awarded? | (FOR STATE AGENCY USE ONLY) Select for Review? |
|----------------|----------------|----------------|------------------|-------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|==================================================================|----------------------------------|
|                |                |                |                  |                   |                                                               |                                                                       |                                                                  |                                  |
|                |                |                |                  |                   |                                                               |                                                                       |                                                                  |                                  |
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 SFA. 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 may add questions to the Tool to ensure compliance with State procurement regulations that may be more restrictive than federal requirements.
LIST OF DOCUMENTATION TO PROVIDE TO THE STATE AGENCY

- **SFA Procurement Procedures (Procurement Plan):** A document outlining the procurement procedures for the SFA [2 CFR 200.318(a) and 7 CFR 210.21(c)].

- **Written Code of Conduct:** Per the requirement of 2 CFR section 200.318.

- **Vendor Paid List/Summary of Expenses by Vendor:** 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.

- **Solicitation Documentation:** Copies of quotes and/or sealed bids/competitive proposals issued and advertisements published as applicable.
<table>
<thead>
<tr>
<th>Quotes for informal procurement procedures and bids/offers for formal procurement procedures</th>
</tr>
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<tbody>
<tr>
<td>Evaluation and scoring results used to select the contractor (for competitive proposals – RFPs)</td>
</tr>
<tr>
<td>Final contract awarded and contract notification documentation</td>
</tr>
<tr>
<td>Supporting documentation, such as purchase orders and/or receipts/invoices for vendors selected for review (2 CFR 200.318(i))</td>
</tr>
<tr>
<td>Amended contract language, as applicable</td>
</tr>
<tr>
<td>Prior year value of USDA Food planned assistance levels for processing contracts for self-operating SFAs and for SFAs with a FSMC</td>
</tr>
</tbody>
</table>

The State Agency
Once the State agency receives the SFA’s responses to the questions in the SFA Procurement Table and the vendor paid list/summary of expenses by vendor from the SFA’s accounting system, the State agency will select a sample of vendors/procurements for review.

Additional documentation will be requested from the SFA to determine how the SFA competitively procured its vendors.
All School Food Authorities must have written procurement procedures known as

The Procurement Plan
PRINCIPLES OF GOOD PROCUREMENT

- All potential suppliers are on a level playing field.
- Fairness and integrity in all aspects of the procurement process are critical to achieving full and open competition.
  - Competition is essential in ensuring SFAs are able to purchase high quality goods and services at the lowest possible price.
- SFAs understand and comply with federal, state, and local requirements.
- SFAs award contracts to responsive and responsible vendors.
SP 04-2018, Market Basket Analysis for Evaluation of Contract Award, dated January 18, 2018, explains how SFAs that use this process may be compliant with the procurement standards.

In short, a market basket analysis is a method of evaluating 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.
These entities may conduct procurement procedures for their members, but these procedures are not required to follow program and government-wide regulations. 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 questions 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, method of procurement used, and the value of purchases made from this entity. This vendor will be selected by the State agency for review to determine if one source when the SFA procured goods and services.

GROUP PURCHASING EFFORTS (CN COOPERATIVE, AGENT, THIRD-PARTY)
FACTORS THAT DETERMINE THE ALLOWABILITY OF COSTS

- Be necessary and reasonable for proper and efficient administration of the program(s)
- Be allocable to federal awards applicable to the administration of the program(s)
- Be authorized and not prohibited under state and local law
EXAMPLES OF WHAT IS CONSIDERED RESTRICTIVE COMPETITION INCLUDE:

- Placing unreasonable requirements on distributors for them to qualify to do business,
- Having organizational conflicts of interest,
- Having unnecessary bonding and experience requirements, and
- Specifying only a brand name product instead of allowing a preapproved equal product to be offered restricts free and open competition.
Section 104(d) amended Section 12(n) of the National School Lunch Act (NSLA) (42 U.S. 1760) to require SFAs participating in the NSLP and SBP in the United States to purchase for those Programs, to the maximum extent practicable, domestic USDA Foods or products. Substantial means that over 51 percent of the final processed product consists of agricultural commodities that are grown domestically.
EXCEPTIONS TO BUY AMERICAN

- The food or food products are not produced or manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality; or

- Competitive bids reveal the cost of a United States food or food product is significantly higher than the non-domestic produce.

- The documentation to support the exception must be maintained by the SFA.
The SFA will take all necessary affirmative steps to assure that minority firms, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps shall include:

- Placing qualified small and minority businesses and women’s business enterprises on solicitation lists.
- Assuring that small and minority business and women’s enterprises are solicited whenever they are potential sources.
- Using the services and assistance of the Small Business Administration (SBA) and the Minority Business Development Agency of the Department of Commerce.
Geographic Preference (7 CFR, Section 210.21[g]):

- The use of statutorily or administratively imposed in-state or local geographic preferences for procurements under USDA entitlement programs is prohibited, except for unprocessed locally grown or locally raised agricultural products. The Food, Conservation, and Energy Act of 2008 (public Law 110-246, Section 4302) amended Section 9(j) of the NSLA to allow institutions receiving funds through CNP to apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products. When geographic preference is used, an SFA must still get quotes from several farmers when procuring unprocessed locally grown or locally raised agricultural products so that competitors have an opportunity to compete for the bid.
Responsive: Vendor conforms with all the SFA’s stated terms and conditions.

Responsible: Vendor can perform successfully under terms and conditions of the contract.
PROCUREMENT METHODS

- Micro-purchase
- Small purchase
- Sealed Bids/Competitive proposals
- Food Service Management Company (FSMC) Contracts
- Processing Contracts
Micro-Purchase

- Threshold is below $10,000 or most restrictive amount.
- The reviewer will request documentation such as purchase orders and vendor receipts/invoices.
Threshold is $250,000 or most restrictive amount.

- Government agencies threshold is under $15,000.

- The reviewer will request documentation such as documented price or rate quotes to ensure each purchase was conducted in a manner that maximizes full and open competition.
FORMAL PROCUREMENT: SEALLED BIDS OR COMPETITIVE PROPOSALS

- Used for purchases above $250,000 or most restrictive amount.

- The procurements to review are prioritized as:
  - Cost reimbursable contracts
  - Contracts worth a greater dollar value
  - Contracts with amendments
All SFA contracts must be reviewed (base year or renewal year) depending on the year of the contract in which the State agency schedules the review.

State agency will review to:

- Ensure the SFA evaluated vendor responses and award the contract as published and is properly monitoring the FSMC;
- 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, ensuring the FSMC returns discounts, rebates and credits to the nonprofit food service account; credits are identified on invoices submitted for payment; that the FSMC complies with an approved 21-day cycle menu; and food specification comply with requirements that the FSMC; and
- Ensure the SFA complies with the Buy American provision, etc.
A procurement review of processing contracts is not required when the State Distributing Agency provides cash-in-lieu of commodities, 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.
WRITTEN CODE OF CONDUCT

- Written Code of Conduct [2 CFR 200.318(c) and 7 CFR 210.21(c)]

- A written policy governing the ethical conduct and action of employees engaged in the selection, award, and administration of contracts.
REQUAID COMPONENTS FOR WRITTEN CODE OF CONDUCT

CONFLICTS OF INTEREST

DISCIPLINARY ACTION

GRATUITIES, FAVORS, AND GIFTS
No employee, officer, or agent shall purchase or establish a contract if a conflict of interest, real or apparent, would be involved.

Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award.

- The employee, officer, or agent
- Any member of the immediate family
- His or her partner
- An organization that employs or is about to employ one of the above
Penalties for violation of the standards of Code of Conduct of the CNP should be:

- Reprimand by the Board of Education
- Dismissal by the Board of Education
- Any legal action necessary
Employees, officers, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub agreements.

The plan must address whether staff is allowed to accept gifts of nominal value or not; if allowed, include nominal value.
PROTECTS THE SFA’S REPUTATION

PROTECTS THE SFA’S EMPLOYEES

SINGLE POINT OF REFERENCE

BENEFITS OF A CODE OF CONDUCT
All contracts in excess of $10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

OTHER CONTRACT PROVISIONS THAT MUST BE INCLUDE IN PROCUREMENT PLAN

- Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.
Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
BEST PRACTICES

- Train employees on proper procurement procedures.
- Revise and update your plan as procurement procedures change.
- Ensure the procurement procedures are approved by the governing board, as needed.
School nutrition departments have always looked for ways to reward their employees. In recent years, gift cards have become a very popular vehicle for employee rewards.

Since gift cards are monetary rewards provided by industry vendors and do not actually come from the district budget, the current practice is to NOT include any of those gift card amounts in an employee’s total compensation.

In fact, the gift cards are not logged into any record keeping mechanism and the amounts the employees receive are not recorded anywhere. Gift cards become extra income that is not reported.
Gift cards were received from vendors that do business with the school nutrition program. Many times the gift cards were sent to the district after the district participated in a special promotion or spot buy program at a food show.

Recently the school nutrition director, Jane, decided to utilize the gift cards she had been accumulating for the end-of-year employee rewards.

These gift cards are mostly generic cards that can be used at any retail establishment and range in value from $50-$500.
Jane works out an award matrix to ensure that the cards are distributed equitably among the employee award winners. The winners are told that the gift cards can be used for personal use since they are a reward for personal achievement. The largest gift card of $500 is awarded to the cafeteria of the year and is to be used for that school nutrition program.

Since the gift cards are “free”, have no impact on the budget, and will not show up on any expenditure report, Jane feels comfortable with not tracking the cards, the company who donated them, the card identification number, the amount or recipient. You are a manager who recently underwent annual training on the acceptance of gifts and you do not feel comfortable with this practice.
What Should You Do?

- Stop and think:
  - Do not immediately react to the situation.

- What is the ethical issue, dilemma or problem?
  - Identify/document all relevant facts.

- A. The situation likely violates district policy on gifts.

- B. Gift cards are unreported taxable income.
  - According to the IRS, gift certificates/cards that are redeemable for general merchandise or have a cash equivalent value are taxable.
Make a Decision!

- Not doing anything may be a decision. In the case of an ethical dilemma, doing nothing could be a bad decision!
- Remember: An ethical dilemma is a difficult situation in which there may be no clear answer or easy choice.
- In this scenario there is not one specific answer, more will have to be done to ensure that this type of situation will not arise again in the future.
This spring, Sam, director of School Nutrition Programs at a school district, will be sending out an Invitation for Bid (IFB) to provide milk for his district’s school meals. Sam communicated with one of these interested vendors in the past. He had to terminate their agreement because the conditions and terms were not being met and there were several health department violations at the plant.

Prior to the IFB going out, this vendor invited Sam to come and tour the plant where the milk is processed. The vendor offered to provide a hotel room for Sam (for one night near the plant) so that he can take the tour without having to drive back after a long day.
You are in Sam’s shoes, what should you do?

- What is the ethical issue, dilemma or problem?
  Identify / Document all relevant facts.
  - Could be construed as an unfair advantage for the vendor providing accommodations for Sam.
    - The vendor may assume that Sam will now purchase his product.
  - Overnight accommodations violate the district policy on the acceptance of gifts.
  - Sam is only visiting this one plant.
Identify the consequences. Does it seem, right?

Sam’s professional reputation could be negatively impacted as the situation could be construed as gifts for favorable treatment in the procurement process.

Likewise, the vendor’s reputation could be negatively impacted.

The school/district could be negatively impacted should the “unfair advantage” become public knowledge.
Make a Decision!

- If Sam decides to visit the plant that bid on the IFB he must visit all of them at the school districts expense, not the vendor.
  - Visiting the plat himself can lead to other unethical situations.
  - Such as questions from the vendor on the IFB.
- The hotel and other travel expenses should be paid by the school district.
- Solicitation should include conditions that would address whether health department violations, have occurred and have they been corrected.
Solicitation should include conditions that would address whether health department violations have occurred and have they been corrected.

Provide equity for all vendors by touring other vendors’ facilities.

Perhaps Sam is not the best person to assess the resolution of the previous violations. It might be beneficial to have a third-party visit the plant and provide a report in lieu of Sam making the visit.

Sam could also check local and state health and safety inspection reports for the plant if the vendor submitted a bid or proposal.
Suburbville School District is a large district with an enrollment of 50,000 students, with 65 full-service kitchens, and over 350 foodservice employees. It posted bids for the replacement of ten 3-door reach-in freezers located inside existing kitchens. The combined cost of this purchase is anticipated to be more than $250,000, so in accordance with federal requirements, a formal bid process was used. The district knew that everything would ideally be installed in a 4-week window, but this wasn’t included as a specification in the bid.
The district foodservice department worked with the maintenance and construction department to solicit sealed bids. Only two bids were received. The first bid was for $255,000 and the second bid was for $205,000.

During the public bid opening, the district learns that the higher bidder can deliver it within the 4-week timeframe which was not a public criterion or specified in the bid document. The district would like to award the contract to the higher bidder due to the optimized delivery time.
What should they do?

- What is the ethical issue, dilemma or problem?
- The delivery specifications should have been included in the bid document.
- If the district moves forward with purchasing from the highest bidder, they will be in violation of district policy and Federal Procurement Law.
- The vendor awarded the higher bid could expect an unfair advantage as you chose them over the lower bidder.
Bob, director of School Nutrition Programs for the school district, is attending a conference with four of his school managers.

While at the conference, Bob is invited to dinner sponsored by one of their district’s current vendors for the last night of the conference.

The vendor (sponsor) advises guests that they can order anything they want off the menu and unlimited drinks. Bob accepts the invitation but does not mention that his school managers are also at the conference.
Bob advises his managers that they have a dinner to attend. On the day of the event, Bob texts the vendor that he is also bring his four managers with him. He assumes that this is fine because the vendor will expense the dinner for all staff.

You are one of Bob’s managers and it’s obvious to you that the vendor is a bit put out by the increased number of the party.
What Should You Do?

- What is the ethical issue, dilemma or problem?
- The dinner will likely exceed the allowable gift limit for the individuals attending.
- Bob’s behavior could negatively impact the reputation of the district.
- “Unlimited drinks”… consider the potential for the over consumption of alcohol.
Only Bob was invited. He assumed it would be okay to bring extra staff because the vendor will expense the dinner. Is that a fair assumption?

If the dinner did not exceed the allowable gift limit before, it certainly will now with five extra people. Keep in mind that each staff member and Bob must comply with gift limits.

The vendor (sponsor) may expect an unfair advantage such as Bob’s commitment to purchasing the vendor’s products.

Bob could be negatively impacting his relationship with the vendor by bringing along four staff members that were not initially invited.
What are the options?

Best and worse-case scenarios?

Advise Bob that you know the dinner will exceed the allowable gift limit amount and state that according to school district policy as well as federal procurement laws and regulations that each guest should pay their own way.

Additionally, let Bob know that the vendor may not appreciate having four additional dinner guests that were not originally invited!
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