



Food and  
Nutrition  
Service

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Center

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DATE: June 30, 2016

MEMO CODE: SP-45-2016

SUBJECT: *Draft* Tool for Local Agency Procurement Reviews for School Food Authorities in SY2016-2017

TO: Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

The purpose of this memorandum is to introduce the Food and Nutrition Service (FNS) Draft Local Agency Procurement Review Tool (Tool) which may assist State agencies in conducting adequate procurement oversight of school food authority (SFA) procurement procedures in school year (SY) 2016-2017. The Tool contains questions, references to regulations and guidance. It also provides resources to 1) evaluate SFA procurement procedures, 2) assess compliance, 3) capture technical assistance provided, and 4) establish findings and required corrective actions, as needed. State agencies are reminded that they must ensure compliance with all Program regulations including the procurement standards found in 7 CFR 210.21, 215.14a, 220.16, as applicable, and the government-wide regulations in 2 CFR 200.318-.326.

On behalf of FNS, State agencies pilot-tested the Tool with SFAs in early 2016. As FNS works to continue improvements to the Tool and incorporate feedback received by State agencies and SFAs, future releases will include an expanded review of various group purchasing efforts.

In order to continue incorporating feedback, FNS is releasing the Tool as a *draft* for SY2016-2017. State agencies have the option to use the Tool, develop an alternate approach to a procurement review, or modify an existing review process that meets Federal, State, and local procurement requirements. FNS, however, recommends State agencies use the Tool in SY2016-2017, if feasible. This approach would both preserve State agency resources and allow the opportunity to provide FNS with valuable feedback on the Tool's effectiveness. FNS will provide an updated version for use in SY2017-2018 based on the feedback received. Once FNS develops a final Tool, State agencies may add the Tool to their on-line review process or, at their discretion, develop a similar process that meets all Federal, State, and local procurement requirements.

State agencies that choose to develop their own review process, modify an existing process, or make changes to a proposed process must submit it to the appropriate Regional Office for review and approval. The Regional Office may establish a deadline by which the State agency's alternate/modified review process must be received and the timeframe for when the State agency will receive a response.

As a reminder, State agencies have discretion for when procurement reviews of SFAs will occur and whether the review will be conducted on-site or off-site. In order to be conducted off-site, all necessary documentation must be obtained to conduct the review. State agencies are encouraged to conduct procurement reviews during the same three-year review cycle as the Administrative Review (AR) although they are not required to conduct the review at the same time as the AR. This includes State agencies that received a waiver from the three-year AR cycle to an alternate 4-year or 5-year review cycle.

If findings of noncompliance with procurement standards are identified, the findings must be documented, technical assistance provided, and corrective action taken (see SP 04 -2016, CACFP 04 -2016, SFSP 04 -2016, *Local Agency Procurement Reviews: School Year 2015-2016*, dated November 9, 2015 for handling noncompliance). Should the nonprofit food service account need to be made whole and/or the State agency require contracts to be re-solicited, such will be assessed on a case-by-case basis with assistance from the Regional Office, as needed.

FNS recognizes that some State agencies may find implementation of the new Tool and/or additional review procedures challenging due to a lack of staff and/or reviewer expertise. State agencies should work with their Regional Offices to consider ways to accomplish procurement reviews. One example may be for the State agency to determine if groups of SFAs are purchasing cooperatively. Assessing the solicitation process used for the group accomplishes an initial review for all SFAs in the cooperative.

Another example may be a review of audit findings to identify noncompliance in procurement and prioritize these SFAs for a review. The audit may not substitute for a review; rather, the audit may inform the review process the State agency conducts. In this case, if the audit identified that the SFA failed to competitively procure using the appropriate method in 2 CFR 200.320(a-d), the State agency must conduct a review.

Training on the FNS Draft Local Agency Procurement Review Tool will be conducted during a face-to-face pre-conference training session at the School Nutrition Association (SNA) on July 9, 2016. Additional trainings will occur by webinar during late summer and early fall in preparation for SY2016-2017. However, if a State agency needs additional training, it may request it from the appropriate Regional Office.

Regional and State Directors  
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State agencies must distribute this memorandum to Program operators. Program operators with questions should contact their State agency. State agencies with questions may contact the appropriate FNS Regional Office.

A handwritten signature in blue ink, appearing to read "Sarah E. Smith-Holmes". The signature is fluid and cursive, with a large initial "S" and "H".

Sarah E. Smith-Holmes  
Director  
Program Monitoring and Operational Support Division  
Child Nutrition Programs