



Food and
Nutrition
Service

Park Office
Center

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DATE: June 30, 2017

MEMO CODE: SP-39-2017

SUBJECT: Local Agency Procurement Reviews for School Food Authorities

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to amend guidance provided in SP 45-2016 *Draft Tool for Local Agency Procurement Reviews for School Food Authorities in SY2016-2017* and to clarify Food and Nutrition Service (FNS) expectations for State agency oversight of school food authority (SFA) procurement procedures, as required in Program regulations at 7 CFR 210.21, 215.14a, 220.16, as applicable, and the government-wide regulations in 2 CFR 200.318-326.

Consistent with statutory requirements, FNS established a three-year cycle for procurement reviews. In SP 45-2016, FNS encouraged State agencies to conduct procurement reviews during the same three-year review cycle as the AR. FNS designed the procurement review cycle to correspond to the three-year review of SFAs that contract with a food service management company as required by 7 CFR 210.19(a)(5). Based on feedback received from numerous State agencies, FNS recognizes that State agencies have found required procurement review procedures to be challenging for several reasons, such as a lack of resources, reviewer expertise, and budget constraints.

Therefore, FNS is providing State agencies with the discretion to continue completing procurement reviews on the same three-year cycle as ARs or to conduct these reviews on an alternate cycle. The alternate cycle may be longer than the current three-year cycle requirement. State agencies must notify their appropriate FNS Regional Office of their procurement review cycles by October 1, 2017. Please note that the three-year review requirement of 7 CFR 210.19 (a)(5) for SFAs that contract with food service management companies must be maintained.

As State agencies determine their procurement review cycle, they are encouraged to work with their Regional Offices to consider ways to accomplish these reviews using the FNS Local Agency Procurement Review Tool (Tool), an alternate tool, or a modification to an existing review process that, similarly to the FNS Tool, meets Federal, State and local procurement requirements (see SP 45-2016). Procurement reviews of SFAs may be conducted on-site or off-site, as long as the State agency is able to obtain all necessary documentation.

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Furthermore, in order to most efficiently use resources, the State agency may assess whether groups of SFAs are purchasing cooperatively. If so, the State agency may review the lead SFA conducting the procurement process on behalf of the group; this will serve as a review for all SFAs in the cooperative. For non-lead SFAs, the State agency then only needs to review procurements made outside of the cooperative group to determine compliance with the competitive process.

When a procurement review is conducted using the Tool, or an approved alternate, and findings of noncompliance with procurement standards are identified, the findings must be documented, technical assistance provided, and corrective action taken. In cases of noncompliance involving fiscal action, such action should be assessed on a case-by-case basis with assistance from the Regional Office (see SP 04 -2016, CACFP 04 -2016, SFSP 04 -2016, *Local Agency Procurement Reviews: School Year 2015*).

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



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