

Large/Formal Purchase Method: For FSMC/Vended Meals

The Formal Procurement Method must be used if the estimated dollar amount of the contract for the year exceeds the small purchase threshold. The Formal Procurement Method is just that, a more formalized method of Procurement that provides for a more structured approach to obtaining the Food Service Management Company (FSMC) or Vended Meals Contract that you need at the lowest price. When conducting a solicitation for contract it is important to allow ample time, as this process takes four months on average to complete.

When must the Formal Procurement Method be used?

When the estimated dollar value of the contract meets one of the following criteria:

- Public Schools – FSMC – greater than \$25,000
- Public Schools – Vended – greater than \$250,000
- Non-Public Schools – Vended – greater than \$250,000 and FSMC – greater than \$25,000

**Note that these are the federal and state thresholds, if your SFA has a more restrictive amount, the most restrictive must be followed.*

The estimate should be based on the estimated/planned value of the contract over the year. All FSMC and Vended meal contracts must be fixed price contracts, meaning that the contract must provide a stated price per meal that is a fixed rate for the duration of the contract. Fixed Price Contracts do not allow for additional billing outside of the fixed price meal rate. There are limited exceptions to this that **must** be pre-approved by the State Agency.

Steps of the Formal Procurement Method

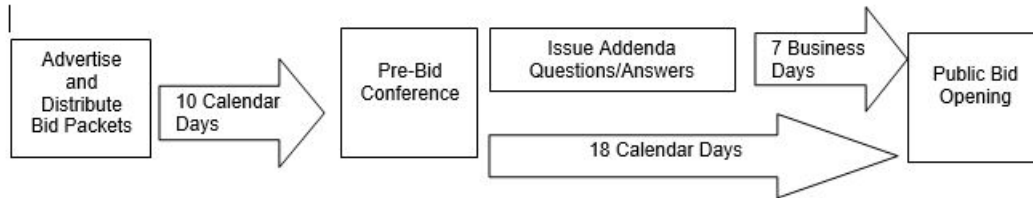
Step 1 Pre-Solicitation: Determine and/or research your needs and an estimate of the costs.

Step 2 Develop Your Solicitation Specifications (Specs): The SFA must have written specifications that include the annual quantity of meals anticipated, any contract terms and conditions including federal, state, and local requirements such as Buy American, Equal Employment Opportunity, affirmative steps to include Targeted Small Businesses, invoice method, delivery requirements, and type of contract to be awarded. The Illinois State Board of Education (ISBE) Nutrition Department has prototype specifications and documents and HIGHLY recommends SFAs utilize our prototypes which are available on our website.

Step 3 Submit the Solicitation to ISBE: Per federal regulation, ISBE procurement staff will need to review the solicitation documents. ISBE will provide feedback as needed and may require updates/changes to the

solicitation. Depending on the volume of bids received, it may take ISBE up to 30 days to conduct this initial review. The SFA cannot advertise or solicit bids until ISBE has approved the SFA to proceed.

Step 4 Publicly Advertise & Hold Pre-Bid Conference: After approval to proceed with the solicitation by ISBE, the solicitation should be advertised in a newspaper of general circulation. The SFA may also directly distribute the bid packets via email/mail/fax to a minimum of 5 potential bidders. You must document all direct solicitations.



Step 5 Sealed Bid Opening: sealed bids are publicly solicited, resulting in the award of a firm fixed-price contract to the responsible bidder whose bid is responsive to the solicitation, conforms to all the material terms and conditions, and is lowest in price.

Step 6 Evaluate Vendor Responses: Total all eligible bids, organize bids from lowest annual estimate to highest and complete the Bid Criteria Analysis Sheet.

Step 7 Submit Documents to ISBE: Submit the Pre-Contract Award Summary sheet with required documentation to ISBE (contract cannot be awarded without ISBE approval to proceed).

Step 8 Award the Contract: The award goes to the most responsive (able to meet the requirements of the solicitation) and responsible (able and willing to furnish the goods or services solicited) vendor with the lowest price. Any or all bids may be rejected if there is a sound documented reason. Notify all parties regarding the outcome of the solicitation. SFA should sign an “Acceptance of Contract” document to solidify the contract. This final contract signed by both parties must be submitted to ISBE and a copy must be maintained by the SFA.

Step 9 Monitor the Contract: Monitor vendor performance to ensure delivery matches orders including quality, quantity, and prices. Monitor vendor compliance with other terms and conditions including Buy American. Keep track of returns, exchanges and refunds.

This fact sheet is intended to be a quick summary of the Federal Regulations in 2 CFR 200. Please note that thresholds referenced are the federal threshold and if the SFA has a more restrictive threshold then the more restrictive threshold must be followed. There are a few exceptions to the requirements provided above, to learn more about any exceptions please visit our website or contact a procurement staff member. We are here to help!

Illinois State Board of Education – Nutrition Department



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