

Large/Formal Purchase Method: For Food/Supplies/Equipment/Services

The Formal Procurement Method must be used if the estimated dollar amount of the contract or purchase 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 product and/or services that you need at the lowest price.

When must the Formal Procurement Method be used?

When the estimated dollar value of the contract and/or purchase meets one of the following criteria:

- Public Schools: purchase of perishable foods and beverages is greater than \$250,000
- Public Schools: purchase of non-perishable food/supplies/equipment/services is greater than \$25,000
- Non-Public Schools and non-school participants: purchases above \$250,000

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

The estimate should be based on the estimated/planned value of the contract over the year. In general, purchases cannot be split to fall below the threshold. However, it is common/allowable to see separate procurements for a prime vendor and a separate procurement for bread and one for milk but it is not allowable to split other items out of the prime vendor bid for the purpose of attempting to utilize the informal or micro-purchase procurement methods.

Steps of the Formal Procurement Method

Step 1 Pre-Solicitation: Determine and/or research your needs. Conduct research to determine the estimated price of your purchase and/or contract.

Step 2 Develop Your Solicitation Specifications (Specs): Write specifications and draft the solicitation document that includes the annual quantity for each specified item, 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 federal terms vary based on the value of the procurement event. The solicitation must indicate that this will be a

Sealed Bid Process with a due date, time and submission requirements. Additionally, the specs should include the date, time and location in which the public sealed bid opening will occur.

Step 3 Publicly Announce & Hold Pre-Bid Conference: The formal solicitation for contract should be advertised in a newspaper of general circulation. It is not necessary that the entire solicitation be published but at a minimum the advertisement should include a summary of the solicitation requirements, and instructions for obtaining a copy of the solicitation. The SFA must also directly distribute the bid packets to at least five known suppliers. You must document all direct solicitations. The solicitation must be publicly advertised for at least 10 days before the bid due date.

Step 4 Sealed Bid Opening: all bids that were received by the required date, must remain sealed (unopened) until the official sealed bid opening date and time. Sealed bids are publicly & directly 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 of the invitation for bids, and is lowest in price.

Step 5 Evaluate Vendor Responses: Review vendor responses to ensure vendor meets the SFAs requirements as specified in the solicitation such as providing prices for the products/services specified by the SFA or an equivalent product, can meet the delivery and other requirements.

Step 6 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 generally related to financial impacts and/or the best interest of the SFA. Notify all parties regarding the outcome of the solicitation. The SFA should sign an "Acceptance of Contract" document to solidify the contract. This final contract, signed by both parties, must be maintained.

Step 7 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 the thresholds provided are the federal and state thresholds 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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