

Terminologies

In order to assist with following along with instructions, guidance and templates related to procurement, the following definitions of common terminologies has been developed.

Bid: an offer to provide a product or a service in accordance with the specifications and conditions as indicated by the SFA for a stated price.

Bidder or Offeror: an entity that submits an offer in response to a solicitation.

Contract: a comprehensive collection of documents together with the solicitation document and any additions or modifications thereto, bid or proposal submitted by the winning bidder, and all related attachments. Furthermore, a contract is a formal, legally enforceable agreement between a buyer and the seller, which establishes a legally binding obligation for the vendor to furnish goods and/or services and for the SFA to compensate the vendor. A contract must clearly and accurately describe the goods, products and/or services to be delivered or performed and the terms and conditions of the agreement.

Contract Amendment: If there is a change to a contract, it must be assessed to determine if the contract can be amended or if the change is substantial enough to require a rebid of the contract. Any changes to a contract, must be discussed with ISBE procurement staff to determine if an amendment would be acceptable.

Contract Management: Each SFA is legally and financially responsible for ensuring compliance with federal and state requirements, even if they contract with a FSMC or Vendor. The SFAs must conduct ongoing monitoring and management of the vendor's performance regarding the goods or services awarded in the contract, as well as assuring compliance with all other terms and conditions of the awarded contract, such as pricing and condition of goods or services received. It includes managing the relationship between the vendor and school food service department, the purchasing, communication to the vendor regarding its performance, as well as dispute resolution, if necessary.

Equipment: Tangible personal property (including information technology systems) having a useful life of one year or longer and a per-unit acquisition cost that equals or exceeds the lesser capitalization level established for financial statement purposes, \$5,000, or a lower threshold set by local level regulations. (OMB and 2 CFR 200.33)

Fixed Price: contract term, which indicates the price is set at a certain amount and is not subject to change unless the school food service department requests a change in specifications, delivery, or term. Generally, a school food service department's request for a change to

specifications, delivery, or terms in a fixed price contract would only occur in response to an unexpected change in specifications or a critical circumstance that would impact the vendor's ability to fulfill the awarded contract in accordance with the original terms of the solicitation, bid or proposal, and awarded contract.

Food Service Management Company (FSMC): a contractor manages some aspect of the school food service program. Generally, the FSMC prepares and serves the meals and/or manages the school meal program(s).

Free and Open Competition: all suppliers are playing on a level playing field and have the same opportunity to compete. Procurement procedures must never unduly restrict or eliminate competition.

Information technology systems: computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Invoice: is a document issued by a vendor to the school food service department, indicating the products and/or services delivered, quantities, and agreed prices for products, which is left with school food service department at the time of delivery.

Line Item vs. Whole: when a solicitation is written, it can be either a line item bid or as a whole. If you select a line item bid, that means that you compare each item on the bid individually for ex. if your bid was for fresh produce and it had apples and blueberries on it and you received 3 bids for both (apples – bidder 1: \$8.47, bidder 2: \$8.25 and bidder 3: \$9.02 Blueberries – bidder 1: \$11.14, bidder 2: \$11.94, bidder 3: \$11.13) in a line item bid bidder 2 would provide the apples and bidder 3 would provide the blueberries. If it was bid as a whole – bidder 1: \$19.61, bidder 2: \$20.19, bidder 3: \$20.15 – so the contract would go to bidder 2 for both apples and blueberries. There are pros and cons to either method. Line item, you will truly get the lowest price for each item but you may have more deliveries and more vendors to work with. For contracts using the whole method, economically, it could cost you more but there is the convenience of one delivery and one vendor to work with.

Material Change: a change made to a contract after it has been awarded that alters the terms and conditions of the contract substantially enough, that, had other respondents known of these changes in advance, they may have bid differently and more competitively.

Non-Profit School Food Service Account: the restricted account in which all of the revenue from all food service operations conducted by the school food authority principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. (7 CFR 210.2)

Procurement: is the act of finding, acquiring, buying goods, services, or works from an external source, often through a competitive bidding process. The process is used to ensure the buyer receives goods and/or services, at the best possible price, when aspects such as quality, quantity, time, and location are compared.

Procurement Methods: traditionally there are 3 procurement methods; micro, small purchase and large/formal method. Determining the method that the SFA must use for a specific

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purchase is based on the estimated cost of the purchase for the entire year. In Illinois, the federal and state thresholds are less than \$10,000 for the micro purchase method, small purchases are dependent on what is being purchased and the type of SFA:

- Public Schools: purchase of perishable foods and beverages below \$250,000
- Public Schools: purchase of non-perishable foods/supplies/equipment below \$25,000
- Non-Public Schools and non-school participants: purchase below \$250,000

If the purchase is a combination of perishable foods, beverages and/or non-perishable foods/supplies/equipment the \$25,000 threshold must be followed. Any purchases that are greater than the dollar thresholds listed above would be required to follow the large/formal procurement method. Please note that if the SFA has a more restrictive purchasing threshold, the SFA must follow their own more restrictive policies and procedures.

Purchasing Threshold: the dollar value that determines which procurement method must be used to purchase goods and services. There may be different purchasing thresholds at the federal, state and local level. The most restrictive purchasing threshold must be used.

Responsive: a responder who submits a response to a solicitation that conforms to ALL of the terms, conditions and specifications of the solicitation.

Responsible: a responder who is capable of successfully performing under the terms, conditions and specifications of a contract.

School to School Agreement: a contract in which one SFA provides meals to another SFA. If the SFA providing the meals contracts for their meals, all SFAs must be included in the contract for meals.

Sealed Bid: this term means that all bids that are received must be date and time stamped when they arrived at the SFA and they must remain closed/unopen until the official Sealed Bid Opening. At the public Sealed Bid Opening all bids that were received by the due date and time will be opened and price quotes read aloud. Then the SFA must review the bids off-site to review and determine which bid that conforms to all the material terms and conditions and is the lowest in price. Sealed bids are required in order to keep all bid prices undisclosed until that official Sealed Bid Opening.

Solicitation Document: means a group of documents provided by school food service department to bidders and offerors, which explains the products, and services required and how to respond to the request.

Sound Documented Reason: an SFA may reject a bid for sound documented reasons that are based on measurable data pertaining to the specifications required within the solicitation. The reasoning must be noted and maintained in with all procurement documentation.

Statement: is the summary of invoices for product delivered to school during a specified period of time, of which the school will verify for payment.

Supplies: all tangible personal property other than those described in 2 CFR 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

Vended Meals: the contractor provides the meals only (generally pre-packaged/pre-plated) and does not manage any aspect of the school food service. However, if the contractor's employees are responsible for the management of the program and/or for the final preparation and/or serving of pre-packaged/pre-plated school meals, the contract becomes a FSMC contract and is no longer considered a vended meals contract.

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