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DEPARTMENT OF EDUCATION
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March 22, 2021

**Sweetser School Nutrition Program
SY 2021 Procurement Review Report**

A procurement review of the Sweetser School Nutrition Department's procurement practices of SY 2020 was conducted to ensure compliance with Federal Regulations 2 CFR 200, 7 CFR 210, as well as applicable local laws.

Summary: There are three allowable methods of making purchases in the federal school nutrition programs. This includes: 1) micro purchase- purchases are equitably distributed among qualified vendors. 2) small purchase- a price comparison is completed between at least two vendors and the lowest price of the responsive and responsible vendor gets the purchase. 3) formal purchase- a solicitation document is created and publicly advertised, and vendors bid on the areas of the solicitation. The lowest price of the responsive and responsible vendor is awarded the bid and a signed contract is executed.

These areas were reviewed as applicable, and findings are listed below.

Code of Conduct: Sweetser has a Conflict of Interest policy; however, does not have a Code of Conduct that meets federal procurement requirements as required by 2 CFR 200.318(c)(1). A sample code of conduct can be referenced on our website <https://www.maine.gov/doe/schools/nutrition/financial>.

Required Corrective Action: *Adopt written code of conduct that comply with federal procurement regulations. Send a copy to the reviewer.*

Date Due: May 14, 2021

Procurement Procedures: Sweetser has a competitive bid process policy; however, does not have written procurement procedures as required by 2 CFR 200.318. According to the competitive bid process, all food products valued at \$40,000 or more must go out to formal bid every 5 years. This would apply to purchases made to Performance Food Group (PFG), as Sweetser purchased over \$100,000 from this vendor in SY 2020; however, a formal process was not used. According to the policy, a formal bid may also be needed for dairy vendors if annual dairy purchases are above \$40,000; currently a small purchase procedure is being used. The small purchase threshold, or dollar amount before going out to formal bid, needs to be revisited. This determines whether a formal process is needed or not.

The Maine DOE, Child Nutrition office has sample procurement procedures that can be adopted and customized. It also includes a sample code of conduct as mentioned above. This is a good opportunity for Sweetser to reevaluate their procurement procedures and to document what is actually being done.

Required Corrective Action: *Adopt written procurement procedures that comply with federal procurement regulations. Send a copy to the reviewer.*

Date Due: May 14, 2021

Micro-Purchases- No findings. Sweetser uses the small purchase method for the majority of purchases.

Small Purchases- Sweetser purchases their food primarily from PFG. This does not meet federal procurement regulations as none of the three methods mentioned in the Summary of this report were used. The school nutrition department will need to determine which process to use in the future (i.e. small purchase or formal). This will also depend on the small purchase threshold.

When using either method, the term (i.e. annual, monthly, etc.) and pricing structure (fixed or variable) must be determined and shared with vendors.

Required Corrective Action: *Submit a plan for which purchasing method will be used in SY 2022, to ensure procurement regulations are being followed.*

Date Due: May 14, 2021

Small Purchases- A dairy comparison sheet was reviewed, where price quotes were obtained and documented from three different vendors. This included Oakhurst, Hood and PFG and prices were last collected in September 2018. Oakhurst had the lowest price for all products, except eggs, and was selected as the dairy vendor. The last time a price comparison was made was 2018 and needs to be done at least annually as prices change each year.

Feedback was provided on the comparison sheet in order to meet federal regulations including the term and pricing structure. Although milk prices will fluctuate throughout the year defining the term of pricing will help with price monitoring.

Required Corrective Action: *Revise dairy comparison sheet to comply with procurement regulations and send a copy to the reviewer. Include plan for how this will be used in SY 2022.*

Date Due: May 14, 2021

Small Purchases- Sweetser conducts a price comparison for produce between Native Maine and PFG; however, it was last documented in 2018. Native Maine has been the main produce distributor as they had the lowest price and provide daily deliveries. Due to price variability with produce a comparison needs to be done more frequently and documented. It can be completed on an annual basis; however, specs should be provided to each vendor, so that all vendors have the ability to meet the needs of the purchase. This would include delivery days, pricing structure, etc.

Required Corrective Action: *Submit a plan for how produce prices will be compared and documented in the future, to ensure procurement regulations are being followed.*

Date Due: May 14, 2021

We appreciate the assistance provided throughout the review process. Feel free to contact me with any questions at stephanie.stambach@maine.gov or 207-215-9437.

Sincerely,

DocuSigned by:
Walter Beesley

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Walter Beesley, Child Nutrition Director

WB/SS/pp

cc: Jason Gregoire