



Glossary of Terms for Procurement

1. Administrative Review (AR)

A comprehensive evaluation of all School Food Authorities participating in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). The evaluation includes both an off-site and on-site review of school food service administration of Child Nutrition Programs (CNP). [7 CFR 210.18]

2. BNHS

The Bureau of Nutrition and Health Services.

3. Buy American Provision

A provision in Section 12(n) of the National School Lunch Act requires schools to purchase to the maximum extent practicable, domestic commodity and product. A domestic commodity or product is defined as an agricultural commodity that is produced in the United States and a food product that is processed in the United States substantially using agricultural commodities that are produced in the United States. "Substantial" means that over 51 percent of the final processed product consists of agricultural commodities that were domestically grown.

4. Capital Assets

Assets that have a useful life longer than one (1) year, are of a significant value at the time of purchase or acquisition; and reasonably identified or controlled through a physical inventory system. Capital assets may include vehicles, machinery, equipment, and software. [SP 39 CACFP 11 SFSP 13-2016]

5. Capital or Capitalization Threshold

The set dollar amount at which purchases of assets will be capitalized in the financial records rather than be recorded as an expenditure at the time of purchase. Asset acquisition costs that are below the threshold are to be expensed. Asset acquisition costs that are greater than the threshold are to be capitalized on the Balance Sheet and depreciated over the asset's useful life. Many assets having useful life longer than one (1) year do not have values that are material to be classified as a capital asset for financial accounting purposes. The federal government uses a dollar threshold of \$5,000 for federal grant management purposes. The [Uniform Financial Accounting for Iowa LEAs and AEs](#) resource highly recommends, however, that a threshold for capitalization or for coding purposes should not be less than \$500.

6. Child Nutrition Programs (CNP)

The National School Lunch Program (NSLP), Seamless Summer Option (SSO), School Breakfast Program (SBP), Special Milk Program (SMP), the Afterschool Care Program (ASCP), Summer School Food Service Program (SFSP), the Child and Adult Care Food Program (CACFP), and the Fresh Fruit and Vegetable Program (FFVP).

7. Code of Federal Regulations (CFR)

The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. Child Nutrition Program regulations are contained in Title 7 of the CFR.

8. Community Supported Agriculture (CSA)

A mutually beneficial form of agriculture where growers and consumers provide mutual support and share the risks and benefits of food production. Members pledge in advance to cover the anticipated costs of the farm operation and farmer salary. In return, members receive 'shares' in the farm's bounty throughout the growing season. In this model, the farmer is provided with seed money before the season begins, and is guaranteed a market for their product. Members receive fresh product throughout the season and build a relationship with their farmer. [USDA National Agricultural Library]

9. Contract Addendum or Addenda

An addition to, deletion from, correction or modification of product(s)/service(s) list and/or certain terms and conditions to an original contract. For example, both SFA and the contractor mutually agree to extend the original terms of the contract or they may change the agreed-upon price or quantity for goods and services and/or add new product(s)/service(s) using an amendment at the end of the initial contract period. This modification may change the scope or nature of an existing contract between the SFA and the contractor. The contract amendment should not result in a material change to the existing contract.

Some organizations refer to an amendment as contract addendum or addenda. If all modifications to the contract are made with a single document then it is termed an addendum. If multiple documents are generated at different times during contract renewal, then it is termed addenda.

10. Contract Amendment

An addition to, deletion from, correction or modification of product(s)/service(s) list and/or certain terms and conditions to an original contract. For example, both SFA and the contractor mutually agree to extend the original terms of the contract or they may change the agreed-upon price or quantity for goods and services and/or add new product(s)/service(s) using an amendment at the end of the initial contract period. This modification may change the scope or nature of an existing contract between the SFA and the contractor. The contract amendment should not result in a material change to the existing contract.

Some organizations refer to an amendment as contract addendum or addenda. If all modifications to the contract are made with a single document then it is termed and addendum. If multiple documents are generated at different times during contract renewal, then it is termed addenda.

11. Cost reimbursable or Cost plus Fixed Fee

A contract that allows SFA to receive manufacturer rebates and discounts on certain products through the school year. A cost reimbursable contract may also result in an increase in the price of certain products. The SFA must monitor the contract to ensure only allowable net costs that is, cost net of discounts, rebates and other applicable credits are charged.

12. Cross-contamination

Contamination of one food item with microbial pathogens from another food item, water, surface, or other object. Sources of cross-contamination may include harmful pathogens transferred to produce through contaminated wash or irrigation water, improperly applied manure, animal feces, packing lines, worker hands, harvest bins, or trucks.

13. Cycle Menu

A cycle menu is a series of menus that is repeated over a specific period of time, such as five weeks. The menu is different each day during the cycle. And, At the end of the cycle, the menu is repeated. Cycle menus save time and allow menu planners to offer a variety of menu selections.

14. Direct Costs

Costs that are incurred directly in operating the school food service. Examples of direct costs include, but are not limited to food, wages and salaries, employee benefits, registration, transportation, and lodging for professional development/training for school food service employees, food service equipment purchases and supplies used specifically for school food service. Direct costs should be necessary, reasonable, and allowable.

15. Direct-to-Consumer Marketing

Methods used by growers to market and sell products directly to consumers, enabling them to compete outside of wholesale market channels. This includes farmers' markets, farm stands, roadside stands, community-supported agriculture, pick-your-own farms, internet marketing, and Farm to School.

16. Emergency Noncompetitive Procurement

The School Food Authority (SFA) may award a contract to a vendor without conducting a competitive procurement process. This is also known as Sole Source. This type of procurement can only be conducted if special circumstances exist. State agency approval must be obtained before proceeding with a Sole Source purchase. Federal regulations at 2

CFR 200.320 (c) state that non-competitive procurement can only be awarded if one or more of the following circumstances apply: (1) the acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold; (2) the item is available only from a single source; (3) the public exigency or emergency will not permit a delay resulting from publicizing a competitive solicitation; (4) The Federal awarding agency (USDA) or pass-through agency (Iowa Department of Education) expressly authorizes a noncompetitive procurement in response to a written request from the School Food Authority (SFA) or (5) After solicitation of a number of sources, competition is determined inadequate, that is, only one vendor responds to the solicitation.

17. Equipment

Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. See also 2 CFR 200.12 Capital assets, 2 CFR 200.20 Computing devices, 2 CFR 200.48 General purpose equipment, 2 CFR 200.58 Information technology systems, 2 CFR 200.89 Special purpose equipment, and 2 CFR 200.94 Supplies. [2 CFR 200 Subpart A – Acronyms and Definitions]

18. Fixed Price Contract

A contract where the price is fixed for the duration of the contract period. The price of the product(s) does not go up or down during the contract period. Distributors and vendors are not always willing to participate for long duration when product(s) price is fixed.

19. Fixed Price with Economic Price Adjustment

A contract that allows the vendor to adjust the price of product(s) based on how a product is performing in the market place. The price of a product is tied to a market index.

20. Forecasting

To estimate the quantities of foods and supplies that will be needed for a specific time period to serve reimbursable meals that meet USDA meal pattern requirements. The specific time period may be quarterly or yearly.

21. Formal Procurement Method

Procurement procedures that are required when the estimated value of the procurement exceeds the federal purchase threshold or local purchase threshold, whichever is more restrictive or lower. The federal purchase threshold is \$250,000. There are two formal methods of procurement – Invitation for Bid (IFB)/Competitive Sealed Bids and Request for Proposal (RFP)/Competitive Proposals.

22. Forward Contracting

A customized contract between two parties to buy or sell an asset at a specified price on a future date. A forward contract can be used for local foods by estimating the specific products one will need and in what quantity. The SFA may enter into a contract with a farmer or vendor for the purchase of these products over a specified period of time. This agreement helps the farmer in knowing what to plant and when to plant.

23. Geographic Preference

A provision that allows CNP to use geographic preference to purchase unprocessed agricultural products, both locally grown and locally raised, to the maximum extent practicable and appropriate without limiting full and open competition. This provision clarifies who can define local, defines the term “unprocessed,” and explains local cannot be used as a specification.

24. Gleaning

The practice of collecting produce left in the field after farmers harvest for the market. The fruits and vegetables left behind are often referred to as “seconds” because they are not desirable at the retail level based on size or other aesthetics; however, they can still be highly nutritious and safe to eat when handled properly.

25. Good Agricultural Practices (GAPs) and Good Handling Practices (GHPs)

Any agricultural management practice or operational procedure that reduces microbial risks or prevents contamination of fruits and vegetables on the farm.

26. Group Buying Organization (GBO)

More than one School Food Authority (SFA) combine their knowledge, skills, and expertise to collectively purchase food, supplies, and services for each of their food service operations. The School Food Authority (SFA) in the GBO collaborate and self-manage the procurement process. In lieu of a fee structure, the administrative workload is distributed among participating schools. The GBO collectively develops, issues, evaluates, and awards a proposal or bid to distributors and vendors.

27. Group Purchasing Organization (GPO)

A third-party entity who serves as the umbrella organization to a group of SFAs. The SFAs sign a purchasing agreement with the GPO. The GPO assumes the responsibility of developing, issuing, evaluating, and awarding a proposal or bid to distributor(s) and vendor(s). A GPO often requires members to pay an administrative fee.

28. GPO Administrative Fee

The fees charged to GPO members to cover the costs for operating the GPO. The administrative fee can range from a flat fee based on SFA enrollment, to a per student fee, to a fixed fee per case of the product. **Cost and percentage of cost is not allowable** for administrative fee.

29. Indirect Costs

Costs that are incurred for the benefit of multiple programs in the school district. These costs cannot be identified specifically for the SFA. Examples of indirect costs would include but are not limited to pest control, custodial services, utilities, equipment maintenance and repair services, and trash collection. Indirect costs support administrative overhead functions.

30. Invitation for Bid (IFB)

A formal method of procurement where the SFA publicly issues an invitation for sealed bids from qualified vendors, resulting in the award of a fixed price contract to the responsible vendor whose bid is responsive to the issued IFB, conforms to all the terms and conditions of the IFB, and is the lowest in price. Sealed Bids must be publicly opened at the location, date, and time as noted on the IFB. The fixed price contract may have an escalator/de-escalator clause. This means that the price of the item(s) in the contract are subject to change based on a market index. An example would be pricing for milk and dairy products.

31. Local Educational Agency (LEA)

The public board of education or other public or private nonprofit authority legally constituted within a State for the administrative control of public or private nonprofit schools in a political subdivision of a State; any other public or private nonprofit institution or agency having administrative control and direction of a public or private nonprofit schools, residential child care institutions.

32. Micro-purchase

An informal procurement method, the aggregate dollar amount per procurement event should not exceed \$10,000 or local purchase threshold, whichever is more restrictive or lower. To the extent practicable, the SFA **should** distribute micro-purchases equitably among qualified suppliers. Micro-purchases do not require competitive price quotations if the SFA considers the price to be reasonable. The federal micro-purchase threshold is \$10,000. The State of Iowa does not have an established micro-purchase threshold.

33. Postharvest Handling

Any practices that occur after harvest including cooling, culling, washing, and packing.

34. Potable

Drinking water that meets the Environmental Protection Agency (EPA) standards including the absence of total coliforms.

35. Procurement

A systematic multi-step process for obtaining foods, supplies, and/or services. A good procurement should be open and competitive and maintain fairness and integrity through the process.

36. Procurement Event

A single or multiple transaction(s) to procure foods, supplies, and/or services from a single solicitation document with the most responsive and responsible vendor. The food, supplies, and/or services to be procured could be from a single category or multiple categories.

37. Purchasing Agent

An individual or business authorized to act on behalf of the SFA. The purchasing agent is not an employee of the SFA. A purchasing agent may be necessary for procuring goods or services when/if the SFA does not have the necessary technical understanding of the equipment, service, food, or other food service supplies to be purchased; or lacks time or expertise to conduct a proper procurement. A purchasing agent represents a special fiduciary relationship of trust between itself and the SFA. This means the purchasing agent must be contractually required to conduct all procurement competitively and with the SFA's interest solely in mind. An agent's services in excess of the micro-purchase threshold must be competitively procured in accordance with Federal procurement methods outlined in 2 CFR 200.320.

38. Purchase Threshold

A determined dollar amount that establishes which procurement method to use. The estimated value of a procurement event determines which procurement method to use. The federal small purchase threshold is \$250,000. The local purchase threshold may be lower. The SFA must use the more restrictive threshold.

39. Request For Information (RFI)

A document that a SFA uses to request information about a product or service from suppliers.

40. Request For Proposal (RFP)

A formal method of procurement where the SFA publicly issues a request for proposals from qualified vendors. The RFP identifies the goods and services needed and all significant evaluation factors to score vendor responses. Negotiations are conducted with more than one vendor following the technical evaluation of the proposals. A fixed price or cost reimbursable

contract is awarded to the most responsive and responsible vendor. There is no requirement for public opening of the RFPs.

41. Responsive Vendor

A vendor whose products and services meet the SFA's solicitation requirements. A responsive vendor must meet, at a minimum the price, expected quantity, delivery schedule, and quality as specified in the solicitation.

42. Responsible Vendor

A vendor who can and will be able to successfully fulfill the terms and conditions of a contract.

43. Review Period

The period of time covered by the AR or follow-up review. The procurement review period is the prior school year.

44. School Food Authority (SFA)

The governing body that is responsible for the administration of one or more schools, and has the legal authority to operate the Program therein or be otherwise approved to operate the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and other Child Nutrition Programs.

45. School Year (SY)

A period of twelve (12) calendar months beginning July 1 of any year and ending June 30 of the following year.

46. Small Purchase Method

An informal method of procurement that may be used when the estimated value of a procurement for foods, supplies, and/or services is below the federal or local small purchase threshold, whichever is lower or more restrictive. The federal small purchase threshold is \$250,000. The State of Iowa does not have an established small purchase threshold.

47. Solicitation

A document developed and issued by the SFA to obtain food, supplies, and/or services. The solicitation document must include written descriptions of the foods, supplies, and/or services to be purchased, as well as the terms and conditions the vendors must meet to compete.

48. State Agency (SA)

The Iowa Department of Education, the educational agency designated by the Governor or other appropriate executive or legislative authority of the State and approved by the United States Department of Agriculture (USDA) to administer CNP in schools.

49. United States Department of Agriculture (USDA)

The Federal Agency designated by Congress to administer the NSLP, SBP, SMP, ASCP and FFVP.

50. Velocity (Usage) Report

A report generated by a distributor for a specific period in time- monthly, quarterly, or annually and provides the products, date of purchase, quantity, price/case, and other valuable information. This report can serve as a tool for forecasting future needs of the district.

51. Yield or Yield Percent

Refers to the amount of product that remains after trimming, processing and cooking. Percent yield is the percent ratio of actual usable product compared to the amount of product purchased.

References:

[Procuring Local Foods for Child Nutrition Programs. USDA Food and Nutrition Service. January 2022](#)

[7 CFR 210 – National School Lunch Program](#)

2 CFR 200.320 - [Methods of Procurement](#)