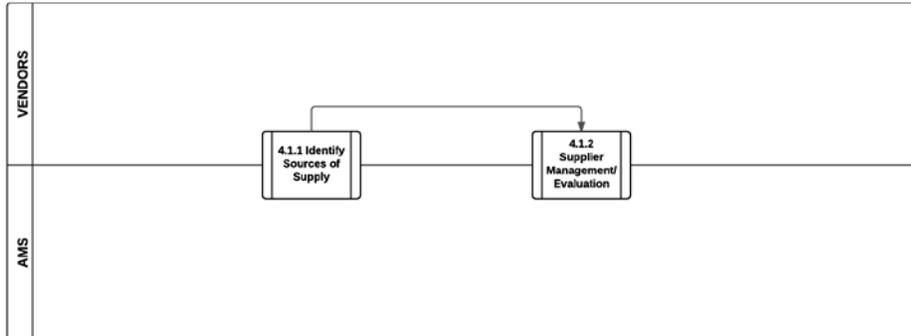


Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.1 SOURCING

BMI Domestic Team | March 7, 2016



The Level 2 Process of 4.1 Sourcing can be broken down into two Level 3 processes, 4.1.1 Identify Sources of Supply and 4.1.2 Supplier Management/Evaluation.

4.1.1 Identify Sources of Supply

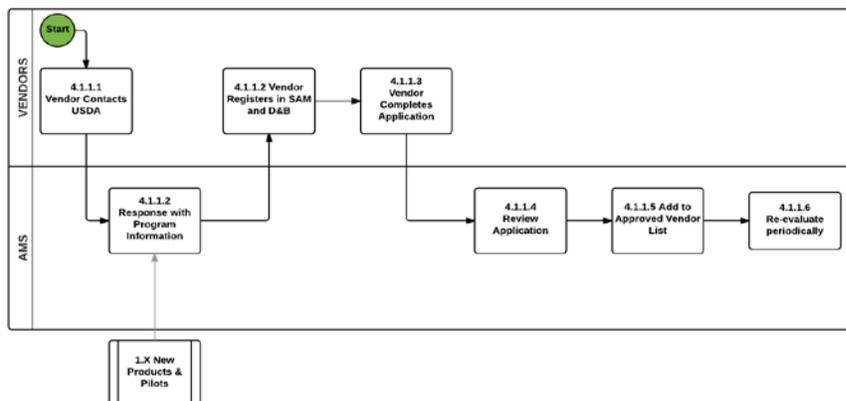
- The process of adding vendors to the Qualified Bidder List (FAR term)
- Includes:
 - Application submission
 - Certifications
 - Review by AMS

4.1.2 Supplier Management/Evaluation

- Management and evaluation of vendor performance, used to determine each vendors eligibility to submit bids at a given time

4.1.1 IDENTIFY SOURCES OF SUPPLY

Daniel Heffernan | March 7, 2016



Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.1.1.1 Vendor Contacts USDA

- Companies who are interested in supplying product to the USDA contact the AMS New Vendor Assistance Coordinator by either email or phone to obtain an application
- Application information is also available online and sometimes vendors just send their application directly

4.1.1.2 Response with Program Information

- AMS New Vendor Assistance Coordinator responds with information about the USDA Foods program and an application to be completed, along with information about what documentation will be required for approval

4.1.1.3 Vendor Completes Application

- Registration in SAM
- Additional Requirements
 - Dun and Bradstreet report or audited Financial Statements if no D&B is available
 - 8A documents, if applicable
 - 3 references from past customers
 - Banking information
 - FAR requirements
 - NAICS Code

4.1.1.4 Review Application

- Financial requirements are reviewed most closely
- SAM registration must match D&B
- Issues with vendor approvals most often due to cash/financial position

4.1.1.5 Add to Qualified Bidders List

- Contracting Officer (CO) must approve the vendor before they can submit bids
- If the application is approved, the vendor is added to the Qualified Bidders List, and is able to bid
- Roughly 20-25 new vendors are added each year
 - Most do not become regular participants in the programs

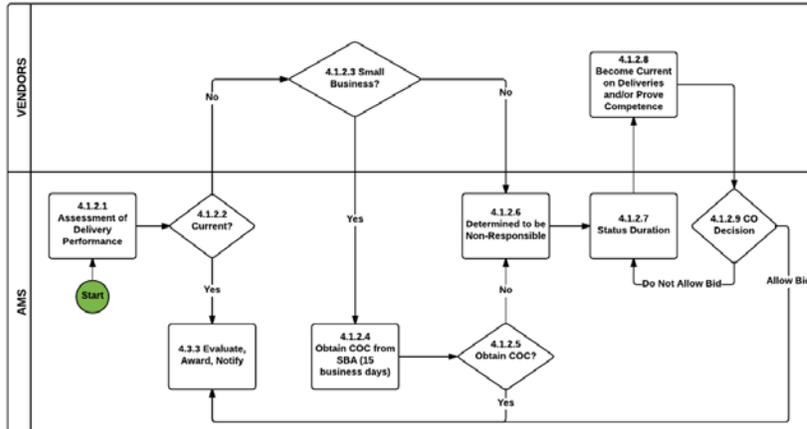
4.1.1.6 Re-Evaluate Periodically

- After 3 years of no-activity, vendors must re-certify
- **Pain Point:** This is sometimes detected proactively, but often is not discovered until after a bid has been submitted
 - May only be addressable through additional personnel
- Kansas City office re-evaluates vendor eligibility regularly, within 6 months of financial statements expiring
- SAM registration gets updated annually
 - If there is no update, they cannot get awards or get paid
 - As long as vendor has done business in last 3 years AMS does not require anything else
- WBSM registration does not expire
 - Have to review each vendor to make sure they are still on the approved list

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.1.2 SUPPLIER MANAGEMENT/EVALUATION

BMI Domestic Team | March 29, 2016



4.1.2.1 Assessment of Delivery Performance

- AMS determines whether or not vendors are current on deliveries
 - Focused on deliveries in the past 6 months
 - This is not just an issue of if deliveries are late, but also that the late delivery was not communicated ahead of time
 - Late deliveries usually are point in time, not as much looking at chronic problems
 - However, vendors can be deemed non-responsible if they had chronic late deliveries (not just current late deliveries)
 - Scale of late deliveries matters – date tracked by Goods Receipt GR in WBSCM
- Delivery performance confirmed by GR and communication with the recipients
- Pain Point:** There is very limited proactive supplier management
 - Carriers are not engaged at all

4.1.2.2 Decision: Is the Vendor Current on Deliveries?

- If the vendor is current on deliveries, they are allowed to bid
 - Performance is managed during the contract period as well, which could lead to the vendor being removed from the QBL
- If the vendor is not current, the process moves on to 4.1.2.3

4.1.2.3 Decision: Is the Vendor a Small Business?

- If the vendor is a large business, the process skips directly to 4.1.2.6
- If a vendor set to receive an award is a small business, AMS must go through processes 4.1.2.4 and 4.1.2.5 with the Small Business Administration

4.1.2.4 Obtain Certificate of Competency (COC) from Small Business Administration (SBA)

- CO has to document the case and send supporting documentation to SBA
- Pain Point:** Takes 15 business days
 - Senior CO's are working on a new MOU with the SBA that may help alleviate this pain point

Comment [WC-A1]: This part could technically be broken into 2 separate processes:

- Evaluating vendor performance during bid evaluation
- Managing performance during contract period which could lead to the vendor being removed from the QBL

Comment [WC-A2]: Pain point. Although the Senior COs are working on a new MOU with SBA that may help alleviate this pain point.

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.1.2.5 Decision: Was AMS able to obtain a COC?

- If AMS receives a COC, the vendor is allowed to bid/receive an award.
- If AMS does not receive a COC, the vendor may be put on non-responsible status

4.1.2.6 Determined to be Non-Responsible

- This determination is made on a case-by-case basis
- Factors
 - Amount of deliveries that are not-current
 - Number of vendors that can supply the desired product
 - Level of need
- Protests
 - Not a common occurrence
 - When it does occur, it significantly holds up the entire bid process
 - Vendor has 35 days to file protest with CO
 - Escalation points are available
 - GAO (can protest directly to GAO instead of first going through the CO)
 - May have to issue a stop-work order in face of a protest
- **Pain Point:** Criteria for non-responsible status is not firmly established

4.1.2.7 Status Duration

- The amount of time that the vendor is on non-responsible status is determined by the CO.
- Past performance can be considered for up to 3 years
- **Pain Point:** Duration of suspension is unknown

4.1.2.8 Become Current on Deliveries and/or Prove Competence

- In an attempt to become eligible to bid again, the vendor becomes current on deliveries or proves its competence in another way

4.1.2.9 CO Decision

- CO makes the decision of whether or not the vendor will be eligible to bid