

September 13, 2001

TO: State Agencies

FROM: Kent Allin 

SUBJECT: Purchasing Policy for the State of Minnesota Food Contract Release No. F-562(5) and other State contracts for food products.

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**Policy:** Agency facilities that use the State of Minnesota Food Contract Release No. F-562(5) and other State contracts for food products, must assume responsibility for ensuring that the Contract Vendor documents related to pricing are accurate and realistic.

**Purpose/Objective:** To provide direction to the agency facilities that use State contracts for food products to ensure that invoice information accurately reflects the charges owed to the Contract Vendor and that the prices are a true representation of the market.

**Description:** Areas that must be checked for accuracy are:

Checking in delivered orders:

1. Agencies must check the quantities delivered with the quantities listed on the invoice.
2. Agencies must determine that the items delivered match the items invoiced.
3. Agencies must check the quality of the items delivered. Examples are:
  - a. Temperature of temperature-sensitive items (e.g., dairy products or meats).
  - b. Condition of products (e.g., fresh produce or integrity of packaging).
4. Agencies must make sure any discrepancies defined above are noted on the invoice copies for the driver and the accounts payable staff.
5. Agencies must make sure that all credits are applied. This can be accomplished by paying short on an invoice, receiving credit from the Contract Vendor or having the product replaced. Actual alternatives for obtaining credit will vary by contract.

Checking invoice pricing:

1. Agencies using the State Food Contract Release No. F-562(5) are expected to check the invoiced prices with the price order guide or the price order guide pricing changes report. If the invoiced pricing is higher, the agency must:
  - a. Take appropriate measures to receive credit for excess charges or pay the invoice short.
  - b. File a vendor performance report with OSP.
2. Agencies using other State contracts for food products will not have the price order guide or the price order guide pricing changes report to help monitor pricing, but must still spot check pricing, ask for a credit if overcharges are discovered and file a vendor performance report with OSP if there are overcharges.

Checking price order guide price changes:

1. Agencies must monitor the price changes for unusual increases. Agencies are encouraged to question increases that seem out of line. Agencies must file a vendor performance report with OSP if:
  - a. Questionable pricing is not explained satisfactorily by the Contract Vendor.
  - b. The Contract Vendor does not provide an explanation.
  - c. Patterns of price increases appear.