

USDA/AMS

**Moderator: Darin Doerscher
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1:04 pm CT**

Darin Doerscher: We'll go ahead and get started. I appreciate everybody with their patience and getting everything going. We're always at the mercy of our machines, particularly with Webinars.

However, one thing I wanted to let you all aware of is as we begin this Webinar, I wanted to let everybody know that we are recording this such that we can provide along with the slide sets on our Web page also a copy of the transcript.

Man: (Ocean Beauty Seafoods).

Operator: Has joined the conference.

Darin Doerscher: Hello, (Ocean Beauty).

Man: Good morning.

Darin Doerscher: Good morning.

So like I was saying, we are recording this Webinar so that we can provide transcripts along with the slide set on the Web site in the following days. So everybody just please be aware of that.

And if you all could do me a favor and if you're not asking a question or participating in a discussion, if you can go ahead and mute your lines so that we can prevent any feedback or distractions. So if you could do that now, I would really appreciate it.

With that, before we get going here, I wanted to turn the floor over to Warren Preston. He is the Associate Deputy Administrator for the AMS Livestock, Poultry, and Seed Program, and he was kind enough to join us today to give some opening remarks to this Webinar.

Warren?

Warren Preston: Thank you, Darin.

I just wanted to thank everyone for participating in this call. On behalf of - Dr. Craig Morris, our Deputy Administrator for the Livestock, Poultry, and Seed Program was unable to be here, so I would like to welcome everyone to the call.

The commodity procurement program is an important part of my own portfolio, and we're very pleased that we're able to kick off this series of Webinars. And in that vein, I'd just like to point out where we stand with our commodity procurement program.

In Fiscal Year 2013, AMS purchased \$900 million worth, about 650 million pounds of red meat, poultry, egg, and aquatic commodities, and these

nutritious, domestically sourced products helped feed millions of school children throughout - through the National School Lunch Program, and are also distributed to food banks, disaster areas, and wherever else they're need for nutrition assistance programs.

This Webinar is going to focus on the business and technical requirements necessary to become an eligible supplier to AMS. The Livestock, Poultry, and Seed Program and Commodity Procurement Division staff will introduce to the Agricultural Marketing Service commodity procurement purchasing activities and USDA Foods. They'll discuss the types of products that AMS buys, review the solicitation and award process, outline Livestock, Poultry, and Seed Program specification requirements and oversight, and explain and demonstrate the technical proposal development...

Operator: Has joined the conference.

Warren Preston: ...process.

And as I mentioned, we foresee doing additional installments of this Webinar series coming up in Fiscal Year 2015, which begins on October the 1st.

And with that, again, I welcome everyone. Thank you for your interest in our Commodity Procurement Program, and we'll turn it back to Darin.

Darin Doerscher: Thanks, Warren. I appreciate those thoughts.

Warren Preston: Sure thing.

Darin Doerscher: You bet.

Before we get going here, just a couple other housekeeping items. If you're not able to see the Webinar on your computer, let me know at this point and maybe we can try and troubleshoot it. Or if it's something that is out of our control, we can at least get the slides and the transcripts to you after the presentation.

(Jana Wildman): Darin, this is (Jana Wildman), and my IT is still working on it, but I can listen, so go ahead.

Darin Doerscher: Okay. Well I appreciate your perseverance. And like I said, we'll get you that slide set thereafter, and - for you and anybody else on the call. We're always happy to offer, you know, one-on-one discussions as well.

Speaking of those discussions, one-on-one discussions, as we get going through this presentation, you'll be seeing a lot of the...

Woman: (Unintelligible)...

Operator: Has joined the conference.

Darin Doerscher: A lot - many points of contact information within AMS that those individuals can be valuable resources to you, so please take note of those.

And again, if you miss them, either shoot me an email or you'll be seeing the slide set online thereafter.

And then along with muting the lines, I'll bring that up again just because I heard a few new folks join the call. If you could do that, unless you're participating in a conversation, I would appreciate it.

Then lastly, at the end of the Webinar, we will hold some time for questions and answers. So as we're going through and you think of something that you would like to discuss, if you could just note the slide and jot down your question, and then we can discuss that as a group at the end.

Chances are if you're thinking of that question, I bet there's a handful of other folks that are as well, so we'd like to vet those in this forum.

But with that, I'd like to turn over - turn it over to our first presenter who's going to cover the first part of our Webinar. Her name is Sarah Hernandez, and she's the Communications and Marketing Coordinator for the AMS Commodity Procurement Staff. And as you can see, of this three-part Webinar, she's going to be covering Part 1, business requirements of the commodity procurement overview and associated activities.

So with that I'll turn it over to Sarah.

Sarah Hernandez: Thank you, Darin.

Good afternoon everybody. And as Darin mentioned, for my part in today's presentation, I'm going to share some general information about our procurement activities, kind of explain our mission and what our purchase programs accomplish.

And then, I'm going to go over the process involved in becoming an approved USDA vendor and participating in the solicitation and award process.

So AMS really encourages new vendor participation in these programs, and we work very hard to develop close, collaborative relationships with our

contractors and our suppliers. So my hope is that the information we share today will help you be one of those partners in the future.

And as Darin mentioned, we're going to have the Q&A session at the very end of the presentation, and I'll jump back on for that, so jot your questions down and I'd be happy to answer them, or you can use the contact information you're provided in the presentation to call or email me at any time.

So every purchase that AMS conducts ultimately ties back to this mission of supporting American agricultural markets while providing domestic food and nutrition assistance programs with quality commodity products called USDA Foods.

At each end, the USDA Foods supply chain makes up a part of a safety net. For American farmers, ranchers, and fishermen through surplus removal and market support, and for the American citizens by providing assistance to those in need, including school children, the elderly, and even those effected by natural disasters.

This infographic was developed by the Food and Nutrition Service, which administers USDA Food distribution at the federal level. It highlights the benefits of that dual-pronged mission of USDA Foods. The \$2 billion worth of food mentioned on the farmer's side of the equation are purchases made by both AMS and the Farm Service Agency, or FSA, who conduct procurement of price support products such as milk, grain, and vegetable oils.

And, AMS conducts the purchase of non-price support products, including fruits, vegetables, and other specialty crops, meat, poultry, aquatics, egg, and egg products.

Of that \$2 billion, about \$1.6 billion was through AMS purchasing in 2013. And of that, we purchased about \$900 million in meat, poultry, and aquatic products.

Throughout the fiscal year, AMS maintains a running tally of the contracted dollars and pounds by product category and we post that in a report on our Web site, so you can take a look at this purchase summary report, pictured here, to see year-to-date information for Fiscal Year '14 and also past year totals.

This slide here illustrates the share of USDA Foods to various domestic assistance programs. As you see, the greatest volume of USDA Foods is distributed to child nutrition programs, which includes the National School Lunch Program. There's also a significant amount of our product that is purchased for household programs, including the Emergency Food Assistance Program, which supplies food banks and community organizations.

You'll also see represented here our purchases for the food distribution programs on Indian reservations, the commodity supplemental food program, and also a sliver there at the top representing some disaster purchasing.

You can learn more about all of these programs by visiting the FNS Web site that I've shown at the bottom of this slide.

Listed here are some of the basic characteristics of the products that we buy. First and foremost, AMS purchases only 100% domestic agricultural commodities, so these USDA foods must be produced and processed in the United States or its territories.

The products we buy are generally widely available food products - food items that can be sourced from multiple suppliers, and most of them are made to USDA commodity specifications.

There are over 200 products that we buy on a regular basis, and those are in our AMS purchase schedule on our Web site, and we'll look at that purchase schedule in just a few minutes.

Also important to note that we purchase full truckload quantities. For example, 40,000 pounds of ground beef, or 1200 cases of canned fruit as a minimum contract amount. Most USDA foods are in processed forms, though we do purchase some fresh products on a regular basis as well.

And, we also purchase bulk commodities which are delivered to USDA Foods processors, who then manufacture menu items on behalf of the recipient agencies.

So, if you're interested in the bulk commodity processing program, there's the resources and contacts on the FNS Web site shown here.

AMS purchase scheduling is dependent on two factors; what the product is and why we are buying it. Our regular purchases are demand-driven. In this situation, we receive orders from recipient agencies for specific product, volume, destination, and delivery period. So the AMS purchase schedule and the solicitations we issue are based on that recipient ordering pattern.

In addition, AMS also conducts Section 32 surplus removal purchases. These bonus buys individually authorized by the Secretary of Agriculture in order to support producers by removing excess product from a supply chain, and thereby alleviating downward price pressures.

While our regular purchases are listed on the AMS purchase schedule on our Web site, bonus buys cannot be anticipated in advance, so they are not.

The type of product and production patterns for various industries also greatly affect how we schedule our purchases. For example, for products that are available year round and are usually in ready supply, those we tend to buy closer to the actual delivery windows in order to follow current market pricing and not projections.

Purchases for things such as bulk beef and chicken products may be conducted on recurring monthly, or bi-monthly, or quarterly schedules.

There are some products, however, that we purchase only once or twice a year. This is often because the agricultural commodity is only processed and packed on a seasonal basis, as is the case of various canned fruit and vegetables.

In other cases, we purchase products on an annual long-term contract because there are few suppliers, or the supply is too variable for USDA to commit it on a shorter-term basis.

In any case, AMS works with industry organizations and with our suppliers as well as with Food and Nutrition Service to customize each purchase program to best meet the needs of producers and processors.

So here's an excerpt, or kind of a screen shot of the purchase schedule on our Web site just to illustrate a few different examples. The cut up chicken parts in the light blue box there are awarded monthly or for one or two months of orders at a time.

In contrast, canned boned chicken, which is in the green box there, is purchased once a year for an entire year's worth of orders.

Other examples you see here are canned beef stew, which is purchased on a quarterly basis, and our breaded catfish strips, which we purchase twice a year.

The full purchase schedule is on the procurement Web site, and I'd encourage you to look at what products we intend to buy this year and when. This schedule is not set in stone, though, and we do add products, remove products, and change the purchase schedule based on changes in the market, changes to recipient needs, and changes to the level of funds available.

Now let's talk about the procurement process. How AMS conducts solicitations and awards contracts.

Each new purchase program is publicly advertised to vendors through AMS CP News, our email ListServes, and by posting on our Web site, and on the Federal Business Opportunities Web site which is government-wide. After a program is announced, we issue one or more solicitations or offers to buy a product or group of products.

AMS uses two types of solicitations for our program; the invitation for bid, which is a sealed bid process, and the request for proposal, which is a negotiated procurement process.

It is important to note that IFBs and RFPs, as they're called, are both competitive bidding processes and that all bidders must be a USDA approved vendor before they may participate.

A couple of important details for any small business vendors. AMS encourages small business participation through the use of solicitation set-asides. Under most circumstances, all USDA-approved vendors, regardless of business size, openly compete on every item listed on a solicitation.

Under a set-aside however, AMS will only accept offers from approved small businesses. AMS determines what products and what solicitations will be set aside, and we must follow the Rule of Two to maintain competition, meaning we must have at least two approved and capable small businesses in order to consider a set-aside for any product.

At this time, we have set-aside programs for a variety of products under two categories; either small business and service disabled veteran-owned small business, but we're constantly reviewing our vendor's capabilities and our purchase programs to identify possible set-asides and enhance small business participation.

This chart illustrates what I mean when I say a small business. In federal contracting, the small business size standard is based on the North American Industry Classification System. For example, our aquatic product suppliers fall under the (NICS) code 311710 for seafood product preparation and packaging. And the small business size standard for that industry is 500 employees or less.

These (NICS) codes for AMS purchase programs are listed in our AMS Master Solicitation.

AMS also supports the US Small Business Administration's HUBZone Program under which companies in historically underutilized business zones

can compete on any full and open solicitation with a percentage price preference in favor of their offer.

The firm must be a manufacturing company located in a designated HUBZone area and be certified through FDA to take advantage of this price preference.

Also, approved vendors who participate in the FDA's 8A Small Business Development Program can be given preferential award for products they are approved to supply.

8A firms are owned and controlled at least 51% by socially disadvantaged individuals as defined by the FDA, and in our purchase programs, 8A firms may be granted non-competitive awards for specific products.

So if you're a small business or service disabled veteran-owned small business, you're participating in the 8A program or are operating in a HUBZone, I'd strongly encourage you to contact our Small Business Coordinator, Diana Price, and explore how these programs might benefit you as a USDA Foods vendor.

You can learn more about those programs on the FDA Web site.

If you've not already done so, I would suggest subscribing to AMS CP News ListSrvs so that you begin receiving emails from AMS commodity procurement. AMS CP News is the only way you will receive email notification when we issue a solicitation or when we make an award. Anyone can subscribe and the link is on our Web site.

And speaking of that Web site, it will be worth your time to browse the reports and resources available to you there. Our solicitations and the

subsequent award reports are posted, as are the purchase schedule and that purchase summary report I mentioned earlier.

There's also a link there to a new vendor information page, which summarizes the vendor approval process that I'm covering in the next few slides.

So I've talked about USDA Foods and why, when, and how AMS buys them, now I'll cover the requirements and process to become an approved USDA vendor and start selling them.

There are two distinct approval processes that may be required to participate in the bidding and contract award process. In other words, to be the federal contractor, you must become an approved USDA vendor.

In addition, to produce or process a USDA food, you must also become technically eligible as a supplier. But, that's the process that my co-presenters will cover, so let me get back to how you become a USDA vendor.

Here are the six steps that I suggest you take in order to become a USDA vendor and be well-prepared for your first contract experience.

Step one is to review the AMS Master Solicitation. This document details the clauses and provisions that make up the main body of our contract. Most of these are regulatory requirements for federal procurement, including financial capabilities of small business subcontracting. It also includes USDA and AMS policies such as domestic origin and product traceability, grading, and inspection for contract compliance, et cetera.

I simply can't cover it all in this presentation, so the takeaway message here is that this document is really important and you should thoroughly review the

Master Solicitation and understand it before you become approved as a vendor, and certainly before you are awarded a contract that binds you to these terms.

Step two is to make sure you can supply the products AMS buys. So our USDA purchase programs require that a supplier's production processes will result in a finished product that meets our specifications. For meat and aquatic products, those requirements are detailed in documents called Supplements to the AMS Master Solicitation. These detail the supplier eligibility process that my co-hosts will be covering today, and they include the product specifications and technical proposal requirements.

As with the Master Solicitation, the supplement and the specifications are part and parcel to any contract you'll receive.

Step three, the qualifications requirements for prospective contractors selling commodities to USDA. This document outlines the information AMS needs in order to approve you as a USDA vendor, including vendor registration such as the system for award management, financial records, and other documentation required in your application package.

We also provide a checklist in this document to help you compile and submit a complete application package. And, I encourage you to use that checklist so that your approval process goes smoothly.

For small businesses, there may be some additional documentation required in your application package, especially if you are a broker or a non-manufacturer, or you intend to participate as a HUBZone manufacturer or as an 8A program contractor.

Again, Diana Price is our Small Business Contract Coordinator, so you could look to her for assistance with those requirements.

Speaking of Diana, her other hat is also as our New Vendor Assistant, so she's really a point of contact for any new vendor, regardless of business size, going through the approval process. She also receives those applications, reviews them, and works with the USDA contracting officer to make a determination of whether the vendor is approved or whether additional information is needed.

Once the vendor has been approved, AMS will assist them in completing its account setup in the Web-based supply chain management system.

WBSCM is the end-to-end system USDA uses for everything from funds allocation and USDA Foods order management, to solicitation issuance, invoice processing, and contract closeout. As a USDA vendor, you'll be using WBSCM to submit your bids, manage your contract documents, and submit your invoices to USDA.

So, it'll be important for you to become familiar with WBSCM and also where to go if you need assistance. Our Web site provides training modules and step-by-step instructions for various vendor activities within WBSCM. There is a list there of frequently asked questions and information about periodic Webinars/training events we host on WBSCM.

We also have two help desks available. One is a Technical Help Desk if you're having access issues or other IT type issues, and the other one is a Procedural Help Desk who can help you if you have a question about the actual processes in WBSCM, such as submitting your bid or perhaps accessing your purchase orders.

Okay, so at this point you've been approved as a USDA vendor, you've learned how to use WBSCM, and now you want to bid on a solicitation. You've subscribed to our ListServ AMS CP News, and one day you see the email from AMS saying we've issued that solicitation. The solicitation document states what product we want, how much we need, and when and where it must be delivered.

The solicitation will include an offer deadline, both the date and time that all bids must be submitted in WBSCM.

We do not accept late bids. And I really stress this to newcomers because if you're just starting out using WBSCM, the worst thing that you can do is wait until the day that they're due to start the process.

It's important to read every solicitation carefully because the terms can change from one to the next, even though the product is the same. For example, a small business set-aside may be added or removed, or a product requirement might be waived, and these details might influence your offer prices, your ability to win the contract, and your ability to perform on that contract.

Once the bidding deadline has passed, you cannot change or withdraw your offer. At that point, AMS can award you a contract based on the information you've submitted.

Here's a screenshot at the top of what a typical solicitation looks like. You see a product description, a product code, the delivery period in which it must be received, the city/state pair it is to be delivered to, and the quantity to be

delivered. These details make up a line item, and each line item on the solicitation is competed among the bidders.

To help vendors plan and develop their bid before entering those details in WBSCM, we usually provide vendor view worksheets. It simply takes the line item information from a solicitation document, which is a PDF file, and lists it in a Microsoft Excel spreadsheet so that you can sort it, add pricing information, and share it with the decision makers within your organization.

The vendor view worksheet is not an offer document and it's not acceptable as a response to a solicitation. Your offer must be entered in WBSCM and must be submitted by the deadline to be considered for an award.

So step five is to submit your offer in WBSCM. Under an invitation for bid, your offer must detail your volume or delivery constraints, it must identify the processing plant and shipping point the product will come from, and it must of course include the price you are offering for each line item.

AMS will analyze this information for each offer on each line item and then award contracts to achieve the best mix of offers to maximize the value to USDA.

There is no negotiation under an IFB. AMS awards contracts based only on the information included in the vendor's offers.

Under a request for proposal, the same information as an IFB is required, but in addition you may need to submit a technical proposal, a product sample for evaluation, and any additional documentation that AMS feels necessary to make a good purchasing decision.

Collectively, these factors are all used to determine who gets the contract, and prices are not always the most important factor. RFPs are considered negotiated procurement. AMS may choose to negotiate a change to the offers after they are received and before award is made. Or if we receive a proposal that satisfies all our needs, we can award that without negotiation.

Our objective is to place the entire volume from the solicitation onto contracts, and we may award multiple contracts in order to do this. However, we may choose not to purchase all or some of the demand if it is not in our best interest to do so. For example, if we feel the offer prices are not fair or reasonable.

If you have questions about the solicitation and the bidding process, you can contact the appropriate AMS contract specialist who is identified in the email when AMS issues the solicitation.

A list of specialists and their programs is also on our Web site. These contract specialists issue the solicitations, they receive the offers, they work with the contracting officer to determine the award, and then they work with the vendors throughout the performance on their contract.

Step six is everything that happens after you're awarded. AMS evaluates those offers, makes a purchasing decision, and then announces the award by sending out a report through AMS CP News, and we post that information on our Web site as well.

The awarded vendors receive their contracts, actually called purchase orders, which they download from their WBSCM supplier software page, and now it's time to perform.

During production, AMS contract compliance agents help assure the product meets specification requirements. These are through audit-based verification or through AMS grading and inspection certification program. The contract specialist is your primary point of contact should any issues arise during the entire period of performance.

Once you have produced, processed, and shipped your product, you will submit your invoice information in WBSCM. AMS receives it, reviews it for accuracy, and then approves the invoice for payment.

USDA's payment terms follow the Federal Prompt Payment Act, which is referenced in the AMS Master Solicitation. For fresh and frozen poultry, meat and aquatic products, USDA pays within seven days of receipt of a complete invoice package.

All right, so before I hand things over, a final reminder that the information I've covered and many other resources can be found on the commodity purchasing Web site. And most importantly, I encourage you to subscribe to AMS CP News so you can start getting our emails and you don't miss out on an opportunity to do business with USDA.

I will be available at the end of this Webinar for the Q&A session, so please save your questions until then. And my contact information is here again should you have any questions we don't get to today.

Thank you.

I will now turn it over to Terry Lutz and Dr. Chandramohan Chawan, who will cover Part 2 of our presentation.

Chandramohan Chawan: Good afternoon. This is Mohan Chawan. My full name is a little bit too long so you can call me Mohan. And I will be discussing with you the technical requirements and we - I am from the Food Safety and Commodity Specification Division.

Along with me Terry Lutz will cover the rest of the details about the commodity specifications and these documents, how they should look, okay.

My contact information is given in this slide, and if you have any questions, please do contact me either by phone or by email.

(Suzanne McCarty): (Suzanne McCarty)...

Operator: Has left the conference.

Chandramohan Chawan: The Food Safety and Commodity Specification Division is responsible for the development of the product specifications. These are also referred to as the supplements, and they detail the requirements of a given commodity as to their technical merits, product quality, et cetera.

And, these are then used by the Quality Assessment Division for auditing or supervision in production, and certification for their compliance with the requirements.

The commodity specifications are the descriptions for meat, poultry, eggs, and aquatic (unintelligible) drawn from these four sources, primarily the last bullet which gives you the order for the new regulations which cover the requirements, safety, et cetera, which are used by respective agencies like the FDA or the FSIS for compliance with a specific description of the commodity and their quality requirements.

First of all, they make specifications if they are looking at a particular cut or particular source of meat. These are usually the institution of meat - (butcher) specifications, or the next one, for the poultry items, you have trade descriptions. And, these are also by the way used by the international groups for their trade practices.

As listed in the last bullet, you have a Title VII CFR, Part 57 and Part 70, and then the Title IX, which primarily deals with the Food Safety and Inspection Service requirements. And there's Title IX CFR, Part 319 and 381. Along with that one, the egg products are covered by Part 590 under the Egg Inspection Act.

Now I turn it over to Terry Lutz to talk about the next section.

Terry?

Terry Lutz: Thanks, Mohan.

My name is Terry Lutz. I'm a Marketing Specialist for the Food Safety and Commodity Specification Division. Just a little background about myself. I'm working on 28 years of service with the Livestock, Poultry, and Seed Program. Started out as a meat grader on the East Coast. Later took a position as a...

Operator: Has left the conference.

Terry Lutz: ...(unintelligible). And now I'm working several years with Commodity Procurement before moving to my current position.

Depending on the product you're interested in, requirements will vary based on what is contained in the Supplement. Some purchase programs are strictly audit-based. Some require Quality Assurance Division certification services. Fish products are going to require National Marine Fishery inspection.

Some may even need a combination of requirements. Some may require a product sample to be submitted and reviewed prior to approval; others may not.

You'll find all the details in the Supplement, Section 1, Instruction to Potential Bidders. So please, make sure and check that section.

Okay. So you've checked the Supplement and you've found out, well, it's strictly audit-based. You'll need an approved technical proposal or production plan and a successful pre-award on-site capability assessment audit.

The auditor will review your processes, food security plan, and quality controls to determine your ability to meet the contractual requirements. Unless otherwise specified, all costs associated with these audits are borne by the contractor, so the first question I would have is, "Well, how much does an audit cost?"

If you just send me an email with that question, I could forward it to (Steve Ross) of the Quality Assessment Division. He oversees the audit program and will get you an estimated cost.

The frequency of subsequent audits won't be not less than once per month for continuous or multiple contracts, or once per contract for intermittent contracts.

All right, the Supplement says Quality Assessment Division certification services are required. Check and see whether or not perhaps a technical proposal or a production plan may be required as well. A Quality Assessment Division grader will need to be on-site during production to certify compliance with the specification requirements.

Again, unless otherwise specified, all costs associated with the certification services are going to be borne by the contractor.

Same question, "How much does this service cost?" Same answer. Send me an email and I'll forward it to the Quality Assessment Division who could provide you an estimated cost.

All right, so you're interested in fish products. All products require National Marine and Fisheries inspection. Specifically, the Type I inspection which may include integrated quality assurance or hazard analysis and critical control points audit management program.

How do I get more information on this type of inspection? Same thing. Send me an email. We'll forward it on and someone from the National Marine and Fisheries Services will contact you.

And an important note, except for canned salmon, all other fish products are audit-based as well, which yes, will require an approved technical proposal or production plan and audits to be conducted.

So are you interested? Here are some things you can do. Read the Supplement front to back. Write down all the questions you may have. Contact the Food Safety and Commodity Specification Division for the answers. Send me an

email with the questions and we'll answer what we can, and we'll forward any other questions to the appropriate division or staff for a response.

Review the Commodity Procurement Web page for past purchases for the product you may be interested in.

Can you be competitive? Don't forget about those potential costs you may need to add to your bid price such as audit or certification services.

Whenever you're ready, just reach out to us and we'll be waiting to provide the best customer service we can to assist you.

And with that being said, I'd like to turn over the presentation to my colleagues Darin Doerscher and Steve Whisenant who'll discuss technical proposal development and desk audits.

Thank you.

Darin Doerscher: Thanks, Terry. I appreciate that.

My - as I had - when we kicked off this Webinar, I introduced myself, but for those that joined the call later, my name is Darin Doerscher. I'm also a Marketing Specialist within the Food Safety and Commodity Specifications Division.

And for this third section of the Webinar, myself and along with Steve Whisenant, we wanted to talk through technical proposal development and the auditing that is associated with it, and then give some explanations or examples of how a technical proposal is developed and the specifics related to it.

But first off, what is a technical proposal? Basically, it is a quality manual that's written against AMS technical requirements. Now earlier on in this Webinar, we discussed how you need to review the AMS Master Solicitation or a specific supplement that is going to contain specific technical requirements, including the Federal Purchase Program Specification, which our group writes, that the finished product needs to be produced against.

So that's where the technical requirements are derived from that need to be discussed in the technical proposal.

Overall, this document is a synopsis or an overview of the establishment itself, and then the processes that are used or employed to manufacture the finished goods that will be delivered to AMS.

Key areas that revolve around the requirements of the production of these items focus on food safety and quality considerations.

A technical proposal should be brief and concise; although I say that, you should also be very thorough. So basically, you need to get in, say what you need to say, support everything that you are saying, and then get out.

Technical proposals should be preceded obviously with a cover page with points of contact, the establishment location, things of that nature, as well as a table of contents that lists where in the document either myself or my colleagues within FSCS Division or the auditors in QAD Division can turn to quickly so that we can do our audits most efficiently.

Also within a technical proposal, per specific sections, you should also have a listing of attachments and forms that are used to support initiatives in the production of the finished good for AMS.

We'll now talk about the format that a technical proposal should be...

Man: (Ocean Beauty Seafoods)...

Operator: Has left the conference.

Darin Doerscher: We'll now talk about the format in which a technical proposal would be developed under.

If you think about an asset plan, that's what I like to relate the format to a technical proposal. Basically, you identify key areas of a process, or in this case the specification requirements, and then you address how you're going to do or meet those requirements and then how you're going to check or evaluate or maintain those requirements are being met, and then how you're going to employ corrective actions or rectify a situation if you deviate from the process.

So if you take that consideration and convert it to a technical proposal, we call it a plan, do, check, act format.

So again, if there's a specific specification provision, and let's just say for example domestic origin is a requirement, you would then tell us what the plan is that we're going to meet the domestic origin requirement. Basically, it's - the plan is almost a reiteration of the specification provision.

Then you would have the do. How are you going to employ that? So, you would write how you are going to meet specifically that domestic origin requirement.

The next segment of the format is the check. And as you would think, this is how you're going to maintain all the quality assurance methods used to verify the conformance to the requirements. So this would include not only a statement of how you're going to verify or manage the do process, but how you're going to document it and justify it when you're being audited.

So if we go back to our example of the domestic origin, maybe you have supporting documentations that should be provided in your technical proposal of maybe a supplier - a raw material supplier of domestic origin affidavit or something of that nature.

So basically, you know, not - don't just tell us how you're going to check it, but you need to show us through documentation how that's going to be carried out.

And then lastly, to the format, we have the act. Again, this is where you would identify the corrective actions or steps you would take if a deviation occurs from your plan and do. So again, if you have a domestic origin example, how are you going to rectify that if that system fails?

And again, this can be handled in a brief, concise manner. It may or may not include supporting documentation like a cause and effect analysis worksheet, or however your organization handles such circumstances.

Once you have your technical proposal developed and it's ready to send to AMS, it will be subjected to a desk audit by our division, the Food Safety and

Commodity Specifications Division. Basically, we're going to review that you're saying what you're doing.

So, we would look at the specification. We would look at the supplement as well as the provisions within the Master Solicitation and make sure that you have addressed everything in that technical proposal against those governing documents, and you have also done so in a - the appropriate format, the plan, do, check, act that we just previously discussed.

We also look for just basic content and make sure that it's logical, that it's practical. We always like - during the desk audits, we always like to be very thorough and make sure that everything is done appropriately because this will have bearing on the subsequent audits that our colleagues in the Quality Assessment Division carry out.

So if we can provide them with a great roadmap through the offering of your technical proposal for when they conduct their audit, we can get them in and out of your facility more efficiently and so on.

So once the technical proposal has passed the desk audit and the Food Safety and Commodity Specifications Division has deemed it adequate, it's time to schedule an on-site capability assessment, and this is where now you have to - we're going to verify that you're doing what you say.

So in the technical proposal you say what you do. And now once our folks come knocking on your door, we need to make sure you're doing what you say.

In the onsite capability assessment, the auditor will use the approved technical proposal as well as the specification - the Supplement and the Master

Solicitation as the core criteria for the audit scope. They will look through everything as you have written in the technical proposal and make sure that it translates to what is happening in practice at the plant, complete with all the supporting documentation that is offered in the technical proposal.

And one specific point to these on-site audits is obviously the initial on-site capability assessment and then subsequent sustaining audits can have and will - can and do have - effect the eligibility of the establishment.

So now that I have covered the highlights of the structure of a technical proposal and what it's comprised - comprised of rather, I'd like to turn it - this segment of the presentation over to Steve Whisenant and he's going to give examples of how we put a technical proposal and the plan, do, check, act format into practice.

Steve?

Steve Whisenant: Okay, thanks, Darin.

Hello everybody. My name is Steve Whisenant. I'm a Livestock and Meat Marketing Specialist with the Food Safety and Commodity Specification Division, and my contact information's on the screen there.

We've put together a couple of examples that we've pulled out of actual technical proposals that will help illustrate the proposal format that Darin just described.

In our first example, we've taken our objectionable material removal requirement from one of our beef specs, and this is how the requirement actually appears in our specification.

In the next slide, you can see how this company addressed the plan, do steps in their technical proposal. As you can see, it isn't necessary to write a novel. We're just looking for enough information and detail to adequately describe your production process.

In the next slide, you can see how they address the check step in their proposal. They include information about how their quality control program ensures that the plan and do steps are successfully carried out to meet the specification requirements.

You can also see that they reference two attachments as supporting documentation in their check step.

The next two slides show the actual attachments, and we put those in there just to give you an idea of what these forms might look like. Of course, every company has their own forms and their own format for those.

Okay. In the next slide, you can see how they address the act step in their proposal. They have included a brief statement describing what action would be taken if their check step shows that their process has not met the specification requirement.

Okay, in our second example, we've taken our metal detection requirement from one of our specifications, and again this is how the requirement actually appears in our spec.

In the next slide, we can see how this company addresses the plan step in their proposal. In this example, they actually label each section with the appropriate

plan, do, check, act tag. While this is not necessary, doing so might be beneficial in helping to organize your proposal format.

In the next slide, we can see how they address the do step in their proposal. They include enough detail and information to describe their process, the equipment to be used, the location of the equipment, and the sensitivity levels of the detector.

In the next slide, a description of their check step is shown. As you can see, they detail the steps their quality assurance staff uses to ensure that the metal detection equipment is operating properly and that the specification requirement is being met during production.

Again, you can see that they also reference quality assurance forms as attachments as a component of their check step.

The next two slides show the actual attachments included in a technical (unintelligible) that are used in the check process.

Okay, in the next slide this company provides a descriptive narrative of the act steps taken with the check steps show that the metal detection equipment isn't working properly and the metal detection requirement was not met during production. Both corrective and preventative actions are included in this act step.

And as you can see, they also reference supporting documents as attachments in this step.

This slide here illustrates a corrective action report that is included as an attachment.

And just to wrap up this section, as a point of emphasis, we want to mention that once approved, your technical proposal is a contractual document. The production of AMS purchased products must follow the technical proposal and meet all applicable specifications, Supplement, and Master Solicitation requirements. The AMS audits will be used to ensure that the proposal is being adhered to and that all requirements are being met.

Okay, thank you and I'm going to turn it over to Darin now.

Darin Doerscher: Okay, thank you Steve.

Before we get into the question and answer session for this Webinar, we felt it necessary to also give you these additional resources. These are some overarching resources or links to general Web site that you will find very useful. The first one is for the commodity purchasing - AMS Commodity Purchasing home page. The second is for the Food Safety and Commodity Specification Division specifically. And then the third is for the Quality Assessment Division.

These three entities are paramount in this Federal Nutrition Assistance Program initiative and how you need to work with all these individuals to successfully partner with AMS.

With that, I would like to ask everybody to unmute their lines, and if you have any questions or topics of discussion, the panel of presenters are available to visit with you and this entire group.

And actually, I believe we also have some individuals on the phone from our Quality Assessment Division, some of the auditors, should there be any questions in that realm as well.

So I'll open the floor to any questions or comments.

(Anna): Hi. This is (Anna) from Starkist. Will be receiving a copy of the presentation today?

Darin Doerscher: Thanks for the question, (Anna). This is Darin.

Yes. What I will do immediately after this Webinar is I will make a PDF version of this slide set and I can send it to the original list of attendees that had RSVPed for the Webinar. I believe you were on there.

So I'll get that to you immediately by close of business today.

But then also this slide set, we will post it on the AMS Web site along with the transcript of this Webinar so that you can go back and revisit some discussion topics, or if you need to see any of the links - interactive links through the PDF document of getting to a specific Web page.

(Anna): That's great. Thank you very much.

Darin Doerscher: You bet.

Are there any other questions?

Okay.

Well hearing none, I wanted to leave you with another point of comment, that being that all of the individuals that presented here today, Sarah, Mohan, Terry, Steve, and myself, Darin, as well as other points of contact within AMS, are available and ready to help you through this process of - you know, we have phones and we're happy to answer them and visit with you one-on-one if that's more to your liking on working through these activities.

So once this email goes out and you have all of our contact information, pick up the phone, shoot us an email and we are definitely here to help and we want to do - partner in business with you.

Given that there are no other questions, I will conclude this Webinar and you can look for all that subsequent information...

(George): (George)...

Operator: Has left the conference.

Darin Doerscher: ...through email and on the Web.

So I thank you for your participation today and I wish all of you a peaceful upcoming Labor Day Weekend. Thank you.

Operator: Has left the conference.

(John Sparks): (John Sparks)...

Operator: Has left the conference.

(Larry Meadows): (Larry Meadows)...

Operator: Has left the conference.

Has left the conference.

(Scarlett): (Scarlett)...

Operator: Has left the conference.

(Marty Fresno): (Marty Fresno)...

Operator: Has left the conference.

(Janet Waterman): (Janet Waterman)...

Operator: Has left the conference.

Sarah Hernandez: Sarah Hernandez and Chandramohan Chawan...

Operator: Has left the conference.

(Carl): (Carl)...

Operator: Has left the conference.

Darin Doerscher: Darin...

Operator: Has left the conference.

Steve Whisenant: Steve...

Operator: Has left the conference.

Terry Lutz: Terry...

Operator: Has left the conference.

(Jim Rogers): (Jim Rogers)...

Operator: Has left the conference.

Your conference is ending now. As requested by the host, please hang up.

END