

Small Purchase Procurement Procedure

Sponsors of Family Day Care Homes and Unaffiliated Centers

General Information:

Institutions that have an agreement to operate the Child and Adult Care Food Program (CACFP) are subject to 7 CFR 226.22 and therefore must conduct all procurement (the purchase of goods and services) in accordance with 7 CFR 3016 or 7 CFR 3019. These procurement standards must be followed regardless of dollar amount, meals served or purchasing frequency. Even when using nonprogram funds to purchase meals, institutions must follow federal procurement regulations. CACFP meals must meet all federal requirements including being properly procured. **The small purchase threshold is at or below \$150,000.**

All less-than-arms-length transactions must be **disclosed** (reported) to the State Agency. A less-than-arms-length transaction is one under which one party to the transaction is able to control or substantially influence the actions of the other(s). Such transactions include, but are not limited to, those between divisions of an organization; organizations under common control through common officers, directors or members; and an organization and a director, trustee, officer, key employee of the institution or such a person's immediate family, either directly or through corporations, trusts or similar arrangements in which a controlling interest is held. All less-than-arms-length transactions by CACFP institutions require specific prior written approval

Procedure:

Sponsors of family day care homes and unaffiliated centers who have administrative costs are required to use proper procurement procedures. Contact three vendors for three of your most costly expenses, for example, A-133 audit, office supplies, equipment rental, etc. The vendors must be eligible and able and willing to provide the goods and services to you. Remember, you are required to give the same specifications to each of the vendors you contact. Using the Procurement Documentation Form, document the bid information from each vendor and evaluate the data. Then determine which vendor most closely meets your needs and offers the lowest price. You must be able to demonstrate free and open competition.

THIS PROCEDURE MUST BE DONE ANNUALLY AND KEPT IN A PROCUREMENT FILE FOR REVIEW.