
Small Purchase Procurement Procedure

Independent Centers and Sponsors of Affiliated 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 #1—Self-Prepared Meals:

Independent Centers and Sponsors of Affiliated Centers that prepare their own meals will choose one item from each meal component: milk, meat, fruit, vegetables, and grain/bread—you must collect information for at least 5 different items. Pick items that you use most frequently.

1. Institutions must contact at least 3 vendors. 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 sample procurement form, document the bid information from each vendor and evaluate the data.
2. In the first column name the item and be as specific as possible. For example, milk is too generic. What type of milk—skim or 1%?
3. Name the unit. Do you get milk in gallons or half-gallons?
4. How many units of the food listed in the first column does the center require per week? Enter that number in the third column.
5. In the next areas, write the name of the three vendors.
6. Each vendor will have a unit price for each of the foods listed. Enter the unit price in the bold boxes.
7. In the next column, enter the total weekly price (number of units times the unit price).
8. There are spaces on the form to make notes.
9. If purchasing from any of the vendors would be a less-than-arms-length transaction, you must indicate that on the disclosure line.
10. Next, determine which vendor most closely meets your needs and offers the lowest price.

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11. Some things to consider: Must the fruit and vegetables be locally grown? Is using credit a requirement? Must food be delivered? How often? How far is the vendor from the day care? You get the idea.

If you choose Vendor A and Vendor K has milk on sale this week, does that mean you still have to shop with Vendor A? No, you should still get the best price, but this procedure will help you determine which vendor most closely meets your needs overall. You must be able to demonstrate free and open competition.

Please refer to the sample Procurement Documentation Form.

THIS PROCEDURE MUST BE DONE QUARTERLY AND THE DOCUMENTATION SHOULD BE KEPT IN A PROCUREMENT FILE FOR REVIEW.

Procedure #2—Vended Meals:

Independent Centers and Sponsors of Affiliated Centers that vend meals must also document procurement for a vendor. You should conduct the procedure annually and keep the documentation on file. In this case you would compare the unit pricing per meal, rather than individual components. However, if milk is not included in the per unit meal price, you would have to procure milk **quarterly** and the vended meals annually. On the form, in one of the boxes on the left, you can just write in, for example, vended lunches or vended meals. The agreement with the vendor should be attached to the documentation.

If some meals are prepared on-site and some are vended (Some facilities vend lunches, but prepare breakfast and snacks on site.), your organization would have to procure the vended meals annually and the food prepared on site **quarterly**.

Please refer to the sample Procurement Documentation Form.

**THIS PROCEDURE MUST BE DONE QUARTERLY FOR MEAL COMPONENTS
AND ANNUALLY FOR VENDED MEALS
THE DOCUMENTATION SHOULD BE KEPT IN A PROCUREMENT FILE FOR REVIEW.**