

# Your Questions on Informal Procurement Rules for the CACFP... Answered!

Child Care Food Program Roundtable Conference  
October 16, 2018



## Session Objectives

---

- Understand the basics of procurement.
- Identify when and how to make a micropurchase.
- Learn the steps involved with small purchases.
- Recognize the requirement of having procurement procedures and a code of conduct.

“ I KNOW THAT I AM  
INTELLIGENT, BECAUSE I  
KNOW THAT I KNOW  
NOTHING. ”

*-Socrates*

# { 1 PROCUREMENT BASICS }

## Where Are the Procurement Rules?

---

- Title 2, *Code of Federal Regulations (CFR)*, Part 200
- Title 7, *CFR*, parts 210, 220, 225, 226, and 250
- Food and Nutrition Service (FNS) Instruction 796-4 and 796-2, Rev. 4

## The Four “Cs” of Procurement

---

1. **C**omply with federal, state, and local requirements
2. **C**ompetition
3. **C**apable vendors
4. **C**ontract management

# { 2 MICROPURCHASES }

## What is a Micropurchase?

---

A single purchase transaction less than or equal to \$10,000.

## “Single Purchase” Transaction...?

---

A bureaucratic way of saying “when you buy things at one time.”

**Micropurchase Requirements**

**Title 2, Code of Federal  
Regulations, Section 200.320(a)**

*Also known as...*

**2 CFR, Section 200.320(a)**

**Price quotes are not required for  
micropurchases...**

**As long as the purchaser considers  
the price to be reasonable.**

**“To the extent practicable,”  
(meaning reasonable), agencies  
must spread their  
micropurchases equitably among  
qualified suppliers**

## **What if Price is Not Reasonable?**

---

You can:

- Identify the top ten items purchased,
- Compare prices from stores within a reasonable distance from the agency,
- Document the store with the lowest prices, and
- Keep this documentation on file.

## Spreading Purchases Equitably

- Week 1: Grocery Store A - \$200
- Week 2: Grocery Store B - \$225
- Week 3: Grocery Store C - \$195

“What if there’s only **one** store!”





## “To the Extent Practicable...?”

---

- A bureaucratic way of saying “within reason.”
- What is “within reason?” It depends.
  - It is up to each agency to determine
  - If your agency is in a city with only one store and the next store is 50 miles away, it is likely not reasonable to shop elsewhere
  - Explain rationale for shopping at only one store in written procurement procedures



## Micropurchase Examples

## Examples of Single Purchase Transactions

---

- A trip to the grocery store
- A one-month contract for vended meals

## What is a Micropurchase?

---

- A grocery receipt for \$29.93?
  - **Yes!**
- A one-month contract for \$10,500
  - **No! It is over \$10,000.**

## More Micropurchase Examples

---

- Purchasing paper to print menus
- Purchasing cups, plates, and serving utensils
- Repairing or replacing a dishwasher

## Micropurchasing Scenario

---

- An agency purchases three gas ranges for three sites, costing \$4,000 each.
- Can they purchase these separately without obtaining price quotes?
- Not if the intent of splitting the purchases was to avoid using small purchase method.

# { 3 SMALL PURCHASE METHOD }

## Small Purchase Method

---

Obtain an adequate number of quotes from responsible and responsive vendors and choose the lowest quote!

## Small Purchase Threshold\*

---

Determines whether the procurement can be conducted using the small purchase method or whether the formal procurement method must be used.

\*Simplified Acquisition Threshold

Agencies **must** use the formal procurement method when purchasing goods and services **over** the small purchase threshold.

Agencies **can** use the small purchase method when purchasing goods and services **at or under** the small purchase threshold.

# What is the Small Purchase Threshold?

## Federal Threshold

---

- Most agencies adhere to the federal small purchase threshold
- Effective August 1, 2018: \$250,000

## Local Threshold

---

Some agencies may set their own small purchase threshold

## What is the Threshold?

---

- Agencies must always follow the **most restrictive threshold**
- Check with business office, local government, legal counsel

## Procurement Scenario!

- Child care agency needs a milk vendor
- Estimated cost is \$200,000 annually
- Agency's small purchase threshold is \$250,000
- **Can they use the small purchase method?**
  - **Yes!**

**Agencies cannot use the small purchase method for purchases above their small purchase threshold.**



**Regulations prohibit agencies from arbitrarily breaking up purchases to avoid using the formal procurement process**

## **Small Purchase Method Steps**

---

1. Develop written specifications, terms, and conditions
2. Contact vendors
3. Obtain and evaluate quotes
4. Award the contract
5. Manage the contract

## Step 1: Develop Specifications

---

- Clear and accurate description of the requirements for the material, product, or service
- Do not limit competition by being too specific

## Brand Name or Equivalent

---

- Cannot identify a specific brand of product without the language “or equivalent.”
- Define the method for determining what is an “equivalent” product.

## Step 2: Contact Vendors

---

- Adequate number
- Document quotes
- Best practice: Receive responses electronically

## Step 3: Evaluate Quotes

---

- Responsive: Can meet terms and conditions?
- Responsible: Can perform successfully?

## Overly Responsive Vendors

---

- Cannot consider additional services not listed in original solicitation
- Allows for unfair competition

## Step 4: Award the Contract

---

- Responsive and responsible vendor that quotes the lowest price
- Document steps taken to award

## Step 5: Manage the Contract

---

Ensure vendor is meeting terms and conditions

**Include a termination clause in case the vendor is unable to fulfill the terms and conditions of the contract.**

# { 4 PROCEDURES AND CODE OF CONDUCT }

***Title 2, Code of Federal  
Regulations, Section 200.318***

## Procedures Should Address

---

- Who
- What
- Where
- Why
- When
- How

## Code of Conduct

---

A written policy governing the ethical conduct and actions of employees engaged in the selection, award, and administration of contracts.

## Code of Conduct Benefits

---

1. Protects the agency's reputation
2. Protects the agency's employees
3. Single point of reference

## Required Components

---

- Conflicts of Interest
- Disciplinary action
- Gratuities, favors, and gifts



# Remember to Update Procurement Procedures!

## Resources

---

- California Department of Education Procurement in Child Nutrition Programs (CNP) web page
- U.S. Department of Agriculture Procuring Local Foods for CNPs web page

## Online Procurement Trainings

---

1. Code of Conduct and Procurement Procedures for Community Nutrition Programs
2. The Informal Purchase Method
3. The Formal Purchase Method

<https://www.cde.ca.gov/ls/nu/pr/cnpprocretraining.asp>

<https://www.cde.ca.gov/ls/nu/ed/cnpcoursecatalog.asp>

## We Are Here To Help!

### Contact your Program Specialist:

**CACFP:** <http://www.cde.ca.gov/386758>

**SNP:** **CNIPS – Download Forms**

**SFSP:** **CNIPS – Download Forms**



# Thank you!

**This institution is an equal opportunity provider.**