

GRAB AND GO LESSON

Procurement Methods for CACFP

Procurement

Purpose: This handout provides an overview of the four procurement methods in child nutrition programs.

Procuring goods and services is a component of the Child and Adult Care Food Program (CACFP). These purchases include food, services, equipment, supplies, and utensils. Although the regulations are designed specifically for independent centers and sponsoring organizations, all CACFP operators need to be aware of the requirements. Knowing the procurement procedures ensures that the programs get the best products at the best price in the most ethical manner using tax dollars.

Procurement Methods

Procurement methods are typically defined by the threshold or simply a limit. Using the threshold, there are two categories of procurement: formal and informal.

Formal procurement is used for purchases at or above \$250,000 and not typically used in the CACFP setting; however, it is still important to know. There are two types of formal procurement procedures: sealed bids and noncompetitive proposals.

- A sealed bid is also known as an Invitation for Bid (IFB). It must be advertised and made open to the public. Also, it must be specific in the request and award the contract to a responsible and responsive vendor willing to meet the terms of the request.
- A noncompetitive proposal may be used under certain circumstances. This is typically used if an urgent situation does not allow for the IFB process, if there is only one source available, or if the competition is not known to be appropriate.

Informal procurement is used when the threshold is less than \$250,000. Informal procurement has two types of procurement procedures: small purchases and micro-purchases.

A *small purchase* is used when goods and/or services are valued between \$10,000 and \$250,000. This type of purchase requires the following information:

- There must be a draft of written specifications, also known as a shopping list, of what needs to be purchased and in what quantity.
- Three quotes must be obtained by email, catalogs, websites, comparison-shopping, or phone calls.
- All quotes must be recorded in writing, and the lowest bid must be used for the purchase. Delivery expenses can be included when making this decision.

The second informal method is *micro-purchase*. This method may be used when the aggregated cost of a one-time purchase falls below \$10,000. This method does not require any quotes or bids.

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However, micro-purchases require that a CACFP operator “share the wealth.” This statement means that purchases are made from various sources to ensure all vendors are allowed to earn the program’s business. Also, micro-purchases require that all costs are reasonable. A reasonable cost generally means compare the cost of the item to others and determine if it is similar in cost. Documentation of micro-purchases must include receipts of purchases from multiple vendors are used and prices are reasonable.

For example, a child care center needs fresh corn, eggs, and copy paper. The center director may choose to purchase the corn from the local farmer’s market, eggs from a local grocery store, and copy paper from a local office supply store. If all prices are reasonable, this is an example of a micro-purchase. It is also a great example of sharing the wealth because different vendors were able to gain business.

In summary, knowing the four different methods for procurement procedures in the CACFP used when purchasing goods and services is essential for success. Informal procurement is used most often in CACFP settings, and more specifically, the micro-purchase method. It is important to remember that the method chosen for purchases should be based on getting the best product for the best prices while following the regulations and good procurement practices.

References

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