

Montana Department of Public Health & Human Services	Policy
	MT CACFP 2016-6
	Section: All Institutions
Child and Adult Care Food Program	Subject: Procurement Procedures
	Date: 9/1/2016

PROCUREMENT PROCEDURES

Procurement requirements

Procurement standards establish guidelines for the purchase of food, supplies, equipment, audits, and other goods and services. These standards are designed to ensure that materials and services are obtained efficiently and economically and in compliance with CACFP regulations and other applicable federal laws. Procurements made with CACFP funds must conform to the standards set forth in 7 CFR 226.22 and the Office of Management and Budget (OMB) Circular 2 CFR Part 200.

Standards of conduct

Each institution must have a written standard of conduct for all its employees to follow when engaging in the selection, award or administration of contracts. The standard of conduct must include the following:

- Employees, officers, and agents will conduct all procurement transactions in a manner that avoids conflict of interest, real or apparent. A conflict of interest exists when a purchasing transaction involves:
 - a. An employee, officer, or agent of the sponsor;
 - b. An immediate family member of an employee, officer or agent
 - c. A partner of an employee, officer or agent; or
 - d. An organization that (a) employs or is about to employ any of the above individuals or (b) has a financial or other interest in the firm selected for the award.
- Policies that prohibit officers or employees from soliciting or accepting gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
- Policy for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the sponsor.

Written purchasing procedure

All institutions must develop and follow a purchasing procedure. A purchasing procedure can be valuable for two reasons. It can serve to clarify the purchasing practices of an organization for the benefit of everyone involved. Secondly, it can guide employees to use the appropriate method of purchasing for each category of items. If an organization has its own purchasing procedures in place, the institution will follow those procedures provided that the purchases for CACFP conform to federal and state purchasing regulations.

General purchasing guidelines

- Conduct all procurement transactions in a manner that provides maximum open and free competition. Situations considered to be restrictive of competition include but are not limited to:
 - a. Placing unreasonable requirements in order for them to qualify to do business.
 - b. Requiring unnecessary experience and excessive bonding.
 - c. Noncompetitive pricing practices between firms or between affiliated companies.

- d. Organizational conflicts of interest
 - e. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement, and
 - f. Any arbitrary action in the procurement process.
- Take affirmative steps to assure that small and minority businesses are utilized when possible.
 - Prepare solicitations of offers that incorporate a clear and accurate description of the requirements so as not to unduly restrict competition, and also set forth all requirements and other factors to be used in evaluating bids.
 - Procure the entire scope of the good and/or service (cannot separately procure the CACFP portion).
 - Make awards only to responsible contractors
 - Use only the appropriate procurement methods described in this policy.
 - Keep a copy of all documents related to each procurement for 3 years plus the current year.

Procurement methods

The federal purchasing regulations and state statutes ensure that food, supplies, equipment and services will be obtained at the lowest possible cost. All purchases must be obtained using competitive purchasing procedures assuring free and open competition between vendors.

To determine the type of purchasing procedure to use, the institution must evaluate the dollar value of the purchases or contract. The dollar amounts apply to all purchases from one source for one agreement/contract period.

The methods described in the following paragraphs must be used for obtaining food and services purchased with any state or federal funds:

Micro-Purchase – The purchase of supplies or services which do not exceed an aggregate amount of \$3,500 are referred to as a micro-purchase. This method of small purchasing does not require the institution to solicit quotations if the institution considers the price to be reasonable. To the extent practicable, the institution must distribute micro-purchases equitably among qualified suppliers.

Small Purchases – The small purchase procedure is the relatively simple and informal method of securing services and supplies that do not exceed \$150,000. Price or rate quotations must be obtained from an adequate number (two or more) of qualified sources. Documentation of quotations would include written comparisons of selected items such as cost, delivery, and product quality for each of the qualified sources and indication of the reason the source was chosen.

Formal Purchasing – When the value of the purchase is expected to exceed \$150,000 for food or \$20,000 for non-food, then use one of the following:

- Competitive Sealed Bidding (2 CFR 200.320(c))
- Competitive Proposals (2 CFR 200.320(d))

Competitive sealed bidding is a procurement method that contains a complete specification of products and services, two or more responsible bidders respond, and a firm fixed price contract is awarded. Bids are awarded to the responsible bidder whose bid, conforming to all the materials terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method when:

- A complete, adequate and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and

- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

Components of competitive sealed bidding include:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for the opening of the bids. The invitation for bids must be publically advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for agencies, the bids must be opened publicly;

Competitive proposal is a procurement method used when proposals are requested from a number of sources. A request for proposal is required. The competitive proposal method is used when an adequate number of qualified sources are available permitting reasonable competition consistent with the nature and requirements of the procurement.

Components of competitive proposals include the following:

- The Request for Proposal is publicized.
- The Request for Proposal shall identify all significant evaluation factors, including price or cost where required and their relative importance.
- Any response to publicized requests for proposals must be considered to the maximum extent practical.
- The institution shall provide mechanisms for technical evaluation of the proposal received, determinations of responsible offerors for the purpose of written or oral discussions, and selection for contract award.
- For-profit institutions must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Award may be made to the responsible offeror whose proposal will be the most advantageous to the procuring party, price and other factors considered. Unsuccessful offerors should be notified promptly.

For all contracts in excess of \$50,000, the completed contract and all bids must be sent to the state agency for approval prior to signing the final contract. (All contracts over \$50,000 require prior approval.)

References:

7 CFR 226.22 Procurement standards

MT CACFP 2016-7 Food Service Management Companies, Sept 2016.

Child Nutrition & Wellness, Kansas State Department of Education (www.kn-eat.org), CACFP Administrative Handbook, Chapter 7, Financial Management: Procurement Requirements, July 2016.

Food Purchasing for Child Care Centers, Participant Workbook, USDA Food and Nutrition Service, Institute of Child Nutrition, The University of Mississippi, 2016.

USDA FNS SP 45-2016, Draft tool for Local Agency Procurement Reviews in SY2016-2017, dated June 30, 2016.

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