

# Procurement



All procurement of food, supplies, goods, and other services with Program funds by Sponsors must comply with procurement standards prescribed in 2 CFR Part 200 as well as 7 CFR 225 as well as any more restrictive State and local standards that may be in place.

## Procurement Methods

### Micro-Purchase (up to \$50,000)

Informal acquisition of products or services up to \$10,000 per transaction. Sponsors have the option to establish a higher local threshold up to \$50,000, or more. To increase the local threshold above \$10,000, self-certification requirements must be met. Micro-purchases can be awarded without soliciting competitive price quotes as long as the price is “reasonable”. Sponsors should distribute purchases equitably among qualified suppliers to the maximum extent practicable.

### Small Purchase (up to \$250,000)

This is a simple and informal method of purchasing that allows for the sponsor to comparison shop for the best price on goods and services, commonly referred to as: “3 Bids and a Buy”. Used when the estimated value of an awarded contract or purchase is below the simplified acquisition threshold of \$250,000. Sponsors may have a lower local threshold. This informal method requires:

- Verbal or written solicitation document.
- Free and open competition (i.e., 2-3 price quotes).
- Documentation of the procurement process (vendor name, contact method, name of person providing price quote, price quoted, date price quote obtained, duration of price quote)

A sample procurement log is on the [SFSP Materials & Resources](#) page, under the Procurement tab. It is important when obtaining quotes that all vendors are provided with the same information (specifications for the products/services you wish to buy). The purchase is made from the most responsive and responsible vendor with the lowest price..

### Large Purchase (over \$250,000)

This large, formal procurement method must be used when the dollar amount of the procurement has an estimated value equal to or greater than \$250,000. It may also be chosen by the sponsor even when the purchase is below \$250,000 if the sponsor has determined that the formal procurement method will result in a better use of nonprofit food service account funds. The formal purchase methods include an Invitation for Bid (IFB) and Request for Proposal (RFP). Sponsors will need to determine which procedure, the IFB or RFP, is right for the situation. Guidance for choosing the best method for the purchase can be found on the on the [SFSP Materials & Resources](#) page, under the Procurement tab. The formal procurement method should result in a purchase that is cost-effective, cost-justifiable, and defensible from a competitive procurement perspective. As with any procurement, it is important to allow for sufficient time and resources, this is particularly important when using a formal procurement method.

## Procurement Ethics

State agencies and sponsors are required to write a code of conduct to govern the performance of employees (and sponsors) engaged in procurement. These written standards must prohibit employees from soliciting gifts and other incentives from prospective contracts, and prohibit employees from participating in the selection, award, or administration of any contract to which they have a personal or financial connection. The code of conduct must also provide for disciplinary action to be applied in the event the standards are violated.

### How do you know a price is reasonable?

Ways to verify the reasonableness of a price is to research by surveying qualified suppliers in the area, use experience and personal knowledge of the item(s) being purchased, and review purchase history by comparing previous purchases of similar item(s).

# Options for Buying Meals

When a sponsor does not have the adequate facilities and/or staff to make their own meals for the Program, they can purchase meals from a vendor (school, hospital, nursing home, caterer, etc.) or hire a Food Service Management Company (FSMC) to do the job.

## Purchasing from a School

When purchasing meals from a school, the sponsor is not required to use the competitive bid procedures but should verify that the school has a comparable price and meal quality to commercial vendors that could potentially provide the meals. A written agreement with the school is required. A sample is located on the [SFSP Materials & Resources](#) page, under the Procurement tab.

## Purchasing from a FSMC

In the SFSP, this means purchasing meals from any commercial enterprise or nonprofit organization. If the expected contracted price is below \$250,000 the sponsor may use the prototype agreement for vended meals found on the [SFSP Materials & Resources](#) page, under the Procurement tab. If another agreement is used, submit it to the SFSP Coordinator for review prior to use. If the expected contract price is \$250,000 or more, the sponsor must use the standard contract developed by the State Agency and follow the formal procurement rules. Contact the SFSP Coordinator for more information.

## Sponsors with Multiple Child Nutrition Programs

If an agency already participating in another Child Nutrition Program has a year-round contract with a FSMC and wishes to begin participating in the SFSP, the agency must determine if adding the SFSP represents a material change in the existing contract. If so, the contract must be re-bid. If there is no material change, the FSMC contract may be amended to add the SFSP. Schools adding the SFSP must use the template provided by DPI. Other types of agencies should work directly with the SFSP Coordinator to ensure the contract and procurement procedures meet requirements.

## Purchasing Local

Summer brings new opportunities to source local foods. Sponsors may decide to target local products to include in their Program in order to improve the quality of the meals, provide opportunities for nutrition education to Program participants and to contribute to the local economy. Sponsors may apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products. When utilizing the geographic preference to procure such products, the sponsor making the purchase has the discretion to determine the local area to which the geographic preference option will be applied. For more information, visit [Farm to Summer Program](#).

# Small, Minority & Women's Businesses

All sponsors are encouraged to take affirmative steps to ensure that small, minority firms and women's business enterprises and labor surplus area firms are used when possible. Affirmative steps may include placing such businesses on solicitation lists and ensuring that they are contacted whenever they are deemed as a potential source. When economically feasible, sponsors may wish to divide their total requirements into smaller tasks or quantities and adjust delivery schedules to permit maximum participation. The Small Business [Administration](#), and the [Office of Minority Business Enterprise of the Department of Commerce](#) are also useful resources.