

# USDA – CACFP Requirements for Procurement Policies and Procedures

This table summarizes the required standards (A-F listed below) that must be part of your agency-wide procurement policies and procedures.

To assist you in making any needed policy & procedure revisions, the table further specifies how each of these required standards applies to each of the required procurement methods.

→ Identify the procurement methods your agency is using & may potentially use; then, incorporate the required standards respectively.

➤ FY 2017 Contract Renewal – Internal Controls page, Procurement section:

→ Review and revise your agency-wide procurement policies & procedures if they do not include the required standards (A-F) listed in the table below.

→ Then, within the contract, either enter these policies & procedures into the Procurement section’s text field on the Internal Controls page or upload them into the Controls-D page, into one of the “Other” files.

Refer to Guidance Memorandum G for contract requirements.

## Federal Regulations (2 CFR §200) → Required Standards for Procurement Policies & Procedures

<p><b>All agencies must have written procurement policies &amp; procedures that include standards A-F, regardless of the procurement methods used.</b></p> <p><b>Required Standards for Policies &amp; Procedures</b> →</p>	<p><b>A. Standards of Conduct</b></p> <p>Address conflicts of interest &amp; oversee the actions of its employees engaged in procurement activities.</p> <p><b>P &amp; P must include 1-3:</b></p> <ol style="list-style-type: none"> <li>Prohibit employees having real or apparent conflict of interest involving financial interest/personal benefit;</li> <li>Prohibit employees soliciting or accepting any incentives including gifts, gratuities, favors, travel packages;                     <ul style="list-style-type: none"> <li>May set parameters for accepting unsolicited gifts of nominal value or insubstantial financial interest.</li> </ul> </li> <li>Establish disciplinary procedures for if &amp; when your employees violate these standards of conduct.</li> </ol>	<p><b>B. Necessity &amp; Cost-Effectiveness</b></p> <p>Describe approaches to assure cost-effective &amp; necessary purchases. Examples of approaches:</p> <ul style="list-style-type: none"> <li>Consolidate purchases together or break them out into smaller aggregates?</li> <li>Lease or purchase?</li> <li>Piggyback on another organization’s contract?</li> </ul>	<p><b>C. Full &amp; Open Competition</b></p> <p>Specify how your agency allows full and open competition, including which procurement methods your agency uses.</p> <ol style="list-style-type: none"> <li>Avoid unreasonable or unfair restrictions;</li> <li>Product or service expectations must be the same for all prospective suppliers.</li> </ol> <p>Establish Selection procedures when formal procurement methods are used.</p>	<p><b>D. Small &amp; Minority Businesses, Women’s Businesses, &amp; Labor Surplus Areas</b></p> <p>Specify steps taken to include these businesses when possible. Steps may include:</p> <ol style="list-style-type: none"> <li>Include within prospective suppliers</li> <li>Use the <i>Small Business Administration</i> and the <i>Minority Business Development Agency of the Department of Commerce</i> as a resource</li> <li>When economically feasible, divide goods/services into smaller tasks or quantities</li> <li>When practical, adjust delivery or service schedules</li> </ol>	<p><b>E. Contracts → Awards, Oversight, &amp; Problem Resolution</b></p> <ol style="list-style-type: none"> <li><b>Awarding Contracts/Making Purchase Decisions</b> Only purchase from responsive &amp; responsible suppliers. Specify how your agency “awards” contracts, or communicates/acts on its purchasing decisions.</li> <li><b>Contract/Product Oversight:</b> Monitor performance, quality, &amp; compliance with terms and conditions.</li> <li><b>Problem Resolution:</b> Take action and use sound business judgement to address unsatisfactory products/services or breaches of contract.</li> </ol>	<p><b>F. Procurement Records</b></p> <p>Document all procurement activities. Records must include, <i>but are not limited to:</i></p> <ol style="list-style-type: none"> <li>Rationale for choosing specific procurement methods (<i>micro-purchasing, small purchase, competitive sealed bid, competitive proposal</i>)</li> <li>What kind of goods or services are being procured</li> <li>Lists of the contractors/suppliers contacted, selected, and rejected</li> <li>The basis for the agreed to prices</li> </ol>
	<p><b>Micro-purchases &lt; \$3,500</b></p> <p>Same requirements apply to all procurement methods.</p>	<p>Prices must be “reasonable”, but comparisons are not required.</p> <p><b>Cannot make smaller purchases in order to fall below \$3,500.</b></p> <p>→ Describe process for assuring reasonable prices.</p>	<p>Spread the wealth by rotating suppliers offering the expected goods/services at equal value, including any discounts available.</p> <p>Regularly check potential suppliers for any stock, price, and/or discount policy changes. → Describe process for rotating available suppliers.</p>	<p>Same requirements apply to all procurement methods.</p> <p>→ Describe steps taken for considering small &amp; minority businesses, women’s businesses, &amp; labor surplus areas for potential suppliers.</p>	<p>→ Describe process for selecting suppliers or making purchasing decisions.</p> <p>→ Describe quality control measures</p> <p>→ Specify who addresses unsatisfactory products/services or breaches of contract.</p>	<p>→ Receipts and invoices for purchases and acquired services are sufficient.</p>
<p><b>Small Purchases ≥ \$3,500 &amp; &lt; \$150,000</b></p> <p>At least 3 suppliers must be considered (no less than 2) &amp; documented.</p> <p>Can obtain by email, fax, mail, in person, phone, supplier’s catalog, supplier’s website.</p>	<p>→ Describe policies and procedures in place for 1-3.</p>	<p>→ Describe process for assessing available approaches to make cost-effective purchase decisions.</p> <p><b>Cannot make smaller purchases in order to fall below \$150,000.</b></p>	<p>→ Describe process for comparing at least 3 suppliers for available products/services &amp; prices.</p>	<p>→ Describe how procurement records are maintained for 1-4, by whom &amp; where kept to be available for review.</p> <p>Written records of goods/services information, contacted suppliers &amp; prices must be maintained and kept on file. Refer to DPI’s <i>Informal Procurement Log form (Attachment G1)</i> for instructions.</p>	<p>→ Describe how procurement records are maintained for 1-4, by whom &amp; where kept to be available for review.</p> <p>Written records of goods/services information, contacted suppliers &amp; prices must be maintained and kept on file. Refer to DPI’s <i>Informal Procurement Log form (Attachment G1)</i> for instructions.</p>	

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	A. Standards of Conduct	B. Necessity & Cost-Effectiveness	C. Full & Open Competition	D. Small & Minority Businesses, Women’s Businesses, & Labor Surplus Areas	E. Contracts → Awards, Oversight, & Problem Resolution	F. Procurement Records
<b>Formal Procurement Methods ≥ \$150,000</b>						
<p style="text-align: center;"><b>Competitive Sealed Bids</b></p> <p>Appropriate when the products/services being procured can be completely described in bid specifications.</p> <p>The requirements of the Invitation for Bid (IFB) process must be followed.</p> <p>The award of a contract can be made primarily on the basis of price alone.</p>			<p>→ Describe efforts that are made to allow full and open competition.</p> <p><b>1. Avoid unreasonable or unfair restrictions: Examples →</b></p> <ul style="list-style-type: none"> <li>a. Doing business one supplier</li> <li>b. Having unreasonable requirements</li> <li>c. Requiring unnecessary experience &amp; excessive bonding</li> <li>d. Allowing prospective contractors to develop or draft specifications or requirements</li> <li>e. Specifying only “brand name” items qualify instead of allowing “of equal” products</li> <li>f. Imposing geographical preferences</li> </ul> <p><b>2. Describe selection procedures to include:</b></p> <ul style="list-style-type: none"> <li>a. Clear &amp; accurate description of requirements;</li> <li>b. Factors used in formal bid/proposal evaluations</li> <li>c. That the prospective contractors list is all inclusive for ensuring maximum open &amp; free competition.</li> </ul>		<p>→ Awarding Contracts: must follow the formal IFB process.</p> <p>→ Describe quality control measures</p> <p>→ Specify who addresses unsatisfactory products/services or breaches of contract.</p>	<p>→ Describe how procurement records will be maintained, by whom, &amp; where they will be kept to be available for review.</p> <p>→ All documentation required for each step of the competitive sealed bid process must be retained on file.</p>
<p style="text-align: center;"><b>Competitive Negotiation</b></p> <p>Appropriate when the products/services being procured are of such a complex and technical nature that they cannot be fully described in bid specifications.</p> <p>The requirements of the Request for Proposal (RFP) process must be followed.</p> <p>The award of the contract may be based on factors other than price alone.</p>	<p>Same requirements apply to all procurement methods.</p> <p>→ Describe policies and procedures in place for 1-3.</p>	<p>→ Describe process for assessing available approaches to make cost-effective purchase decisions.</p> <p>→ Describe how these assessments will be documented.</p>	<p>→ Describe steps taken for considering small &amp; minority businesses, women’s businesses, &amp; labor surplus areas for potential suppliers.</p>	<p>Same requirements apply to all procurement methods.</p>	<p>→ Awarding Contracts: must follow the RFP process.</p> <p>→ Describe quality control measures</p> <p>→ Specify who addresses unsatisfactory products/services or breaches of contract.</p>	<p>→ Describe how procurement records will be maintained, by whom, &amp; where they will be kept to be available for review.</p> <p>→ All documentation required for each step of the competitive negotiation process must be retained on file.</p>
<b>Noncompetitive Negotiation</b>	<p>Only appropriate when:</p> <ol style="list-style-type: none"> <li>1. A public emergency such as a natural disaster prevents or delays publicizing a procurement;</li> <li>2. Only one source of the product or service exists;</li> <li>3. After competitive solicitation, only one bid or proposal is received; or</li> <li>4. Express authorization from DPI or USDA in response to the sponsor’s written request.</li> </ol> <p>Documentation of attempts to solicit competition in an appropriate manner are required for submission.</p>					