QUICK TIPS

PURCHASING METHODS FOR CHILD NUTRITION PROGRAMS

This document provides information to help Child Nutrition Program (CNP) Sponsors make sure their purchasing practices align with Federal and State purchasing rules. It is important to remember that a Sponsor may have more restrictive policies at the local level, and the most restrictive requirement should always be used when purchasing for CNPs.

INFORMAL PROCUREMENT METHODS FOR SMALL PURCHASES

Micro-Purchases
[2 CFR 200.320(a)(1)] and 200.320(c)(1)

Micro-purchases may be used when the aggregate amount of the procurement transaction does not exceed the micro-purchase threshold.

Micro-purchases may be awarded without soliciting competitive price or rate quotes if the Sponsor considers the price to be reasonable based on:

- research,
- experience,
- purchase history, or
- other information and documents it finds appropriate.

To the extent practicable, the Sponsor should distribute micro-purchases equitably among qualified suppliers.

The federal regulations set the micro-purchase threshold at $15,000. However, the Sponsor is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures.

Sponsors may self-certify a threshold higher than the $15,000 limit, up to $50,000, on an annual basis and must maintain documentation justifying their self-certification.

The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- For public institutions, a higher threshold consistent with state law.

All documents, justifications, and receipts or invoices must be kept on file and made available for inspection when requested.

Simplified Acquisitions
[2 CFR 200.320(a)(2)]

Simplified acquisitions can be used when the aggregate amount of the procurement transaction is estimated to be between the Sponsor's micro-purchase threshold and either $50,000 for public and charter school Sponsors or $350,000 for all other Sponsors.

When simplified acquisition procedures are used, price or rate quotes must be obtained from an adequate number of qualified sources as determined appropriate by the Sponsor. FDACS recommends at least three.

When obtaining quotes, each potential vendor must receive the same set of criteria on which to base their quote. These requests must be documented, and this documentation kept with your files on the purchase.

The vendor with the lowest quote is used for the purchase or awarded a contract.

All RFQs, all responses received, all resulting contracts, and all invoices or receipts must be kept on file and made available for inspection when requested.

FORMAL PROCUREMENT

The primary difference between formal and informal is in the notice to the public. Formal procurement must be publicly noticed. This can be done in the local paper, either the print or online version. This can be done on the school's website.

A formal purchase is a single purchase, or the aggregate purchase of like items, estimated to be over $50,000 for public and charter school Sponsors and over $350,000 for all other Sponsors.

Solicitation Pre-Issuance Approval
[Rules 5P-2.003(1)(a), F.A.C. and 5P-3.003(1)(a), F.A.C.]

All formal solicitations, to include specifications, evaluation criteria, procurement procedures, and proposed contract documents, must be submitted to FNW prior to advertising.

Invitations to Bid (ITB)
[2 CFR 200.320(b)(1)]

An ITB is used when the primary consideration of award is cost. The expectation is that competitive bids will be received, and an acceptance (award) will be made to the responsive and responsible vendor whose publicly opened bid is lowest in price.

An ITB is used when there is no substantive difference among the products or services requested and the key difference among responses is price.

ITBs must be publicly advertised and opened with the lowest responsive bid receiving the award. Bids must be solicited from an adequate number of known suppliers, providing them with sufficient time to respond prior to the date set for opening the bids.

The most responsive and responsible vendor with the lowest bid wins the award.

All ITBs, all responses received, all resulting contracts, and all invoices or receipts must be kept on file and made available for inspection when requested.

Requests for Proposal (RFP)
[2 CFR 200.320(b)(2)]

An RFP is used when the Sponsor wants to solicit a technical proposal that explains how the prospective vendor will meet the objectives of the solicitation. While price is still the major consideration, in an RFP it is only one of the criteria considered among proposals for goods or services that meet specifications.

RFPs must be publicly advertised, and they can allow for negotiations to obtain the best value for the cost.

The most responsive and responsible vendor with the highest score wins the award.

All RFPs, all responses received, all resulting contracts, and all invoices or receipts must be kept on file and made available for inspection when requested.

Sample ITBs and RFPs are available in the Download Forms section of FANS.

NONCOMPETITIVE PROCUREMENT

There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

Single or Sole Source Providers
[2 CFR 200.320(c)(2)]

The item is available only from a single provider and is necessary for the Child Nutrition Program's operations. Sponsors must follow their local policy for procuring from a single or sole source provider.

Emergency Procurement
[2 CFR 200.320(c)(3), Rules 5P-2.003(1)(c) and 5P-3.003(2), F.A.C.]

The need for the goods or services is imminent, and due to a public exigency or emergency, publicizing a competitive solicitation would result in a delay of Child Nutrition Programs operations. Any resulting contracts may not exceed 12 months in duration and must be non-renewable. When the public exigency or emergency no longer exists, the Sponsor must return to using competitive procurement procedures.

Specific Authorization
[2 CFR 200.320(c)(4)]

The USDA or FDACS expressly authorizes a noncompetitive procurement in response to a written request from the Sponsor.

Inadequate Competition
[2 CFR 200.320(c)(5), Rules 5P-2.003(1)(c) and 5P-3.003(2), F.A.C.]

If after public solicitation of several sources, competition is determined inadequate, the Sponsor may enter into negotiations with a provider and award a contract based on the terms of the original solicitation.

The Sponsor must maintain documentation of its efforts to publicly solicit providers.

The Sponsor must document the reason for negotiating with a single provider in lieu of resoliciting providers and how it is in the best interest of the Sponsor.