Section 8
Procurement Procedures
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Defining "Procurement"

Procurement is the orderly process of acquiring, by lease or purchase, goods or services such as food, meals, equipment, bookkeeping and auditing. These procedures enable the DCH sponsor to purchase goods or services at the best available price and avoid conflicts of interest when making these purchases.

It is very important to remember that as an operator of a federal nutrition program, there are strict guidelines mandated regarding the obtaining – or procurement – of good and services.

Important Point to Remember!

Costs incurred through improper procurements will be disallowed.

If TDA disallows costs because of improper procurement procedures, it may be determined that your food service operation is not non-profit and your:

- Benefits may be reduced; or
- Participation in the program may be terminated.

Procurement Methods

There are four main types of procurement normally used by CACFP DCH sponsors:

1. Small purchase;
2. Competitive sealed-bid;
3. Invitation to bid competitive negotiation; and
4. Non-competitive negotiation or “sole-source” procurement.
Method 1 – Small Purchase

When purchasing services, supplies or other property with an aggregate cost under $25,000 during any fiscal year, you may use the small purchase procedure.

Examples of small purchase procurement might include:

- Rent;
- Office supplies;
- Food bought on a weekly basis; or
- Dinnerware/silverware.

When documenting your small purchase procurement, make note of:

- Companies you contacted;
- Person you spoke with;
- Date of your contact; and
- Price that each company quoted.

You will normally select the company offering the lowest price.
Method 2 – Competitive Sealed Bid

You **MUST USE** competitive sealed bid procedures if a single purchase is **$25,000 or more**.

**Note:** TDA has developed a standard Invitation for Bid and contract that must be used for purchased meal procurements and contracts. The *invitation for Bid and Contract for Purchased Meals* can be found in Section 11000, Resources, or you can visit the link:


The process includes:

- Developing a bid package that completely and accurately describes the item or service you want to purchase;
- Locating two or more responsible suppliers that are willing to compete for your business;
- Awarding a firm fixed price contract; and
- Choosing from among bidders mainly on the basis of price.

When conducting a competitive sealed bid, you will:

- Advertise publicly (for example, in a newspaper);
- Solicit bids from an adequate number of known suppliers;
- Clearly describe the item that you want to purchase in the invitation to bid;
- Publicly open the bids at the time and place stated in the invitation; and
- Award the contract to the lowest bidder that meets the requirements of the invitation.

**For more information and examples, see Section 7000 in the CACFP DCH Program Handbook.**
Method 3 – Competitive Negotiation: Invitation to Bid

Sponsors must use competitive negotiation procedures for purchase of $25,000 or more when conditions for a sealed-bid procedure do not exist.

This method requires you to publicize a request for proposal (RFP) and solicit proposals. Once the proposals are received, the sponsor negotiates with two or more contractors.

When using competitive negotiation, you must

- Solicit proposals from an adequate number of qualified sources.
- Publicize your RFP.
- Honor all requests to compete.
- Identify in the RFP how you will choose the successful bidder.
- Have a written procedure for evaluating proposals, determining with whom you will negotiate, and for selecting the successful bidder.
- Award contracts to the most advantageous bidder and promptly notify unsuccessful bidders.
**Method 4 – Non-competitive Negotiation**

In non-competitive negotiation (sometimes referred to as “sole-source procurement”), you negotiate with a single source for goods or services. You may use this method only with the approval of your Community Operation office or Manager.

Your Community Operations office may permit this type of procurement if:

- The item you want to purchase is only available from one source;
- An emergency exists in your program; or
- You determine that competitive negotiation is inadequate after soliciting several sources.

**Example:** You need software that is specifically designed to plot and schedule your day care home provider reviews. You find one company who sells this type of software and they are the only company that does so. With your contract manager’s approval, you can negotiate with the company to obtain the software.

**An Important Regulation!**

CACFP DCH sponsors cannot allow any entity bidding for a CACFP contract-related award to develop:

- Specifications;
- Requirements;
- Statements of work;
- Invitations for bids;
- Requests for proposals;
- Contract terms and conditions; or
- Other procurement documents.

These are all the sponsor’s responsibility and cannot be performed by any other entity.
An Important Regulation (cont’d)

Day care home sponsors must draft their own specifications and procurement documents.

Any sponsor that copies a list of features or evaluation and ranking criteria drafted by a potential vendor and then permits that potential vendor to submit a bid has violated both Federal and State procurement regulations.

Any action which diminishes open and free competition undermines the integrity of the procurement process and may subject the sponsor to bid protests.

You must have protest procedures in place to handle and resolve disputes relating to your procurements and you must disclose this information regarding a protest to your contract manager.

WORD FROM WASHINGTON

Proper procurement procedures save money and provide for open competition!