

Procurement for Kitchen Equipment, Food Service Management Companies and Food Distributors

Procurement is a process to ensure CACFP facilities are using federal dollars fairly and wisely with different vendors and stores. This means that your facility may not simply pick any supplier without careful consideration. In certain cases, you must either **(1)** informally procure by contacting several suppliers and getting the best price for products or services or **(2)** formally advertise and obtain bids for costs over \$250,000 annually.

Competitive procurement does not mean that your facility takes whatever it can get from a supplier. You must specify in solicitation documents exactly what product or service is needed. Additionally, your business should not engage in discriminatory or improper practices that prevents a potential business from providing products or a service.

You must follow the procurement process in one of the following circumstances:

- You are purchasing **any kitchen equipment** such as a freezer, stove, refrigerator, etc. regardless of value. Structural improvements of your kitchen or pantry (e.g. replacing countertops, cabinets, flooring, etc.) are not allowed using CACFP funds.
- You are using a **Food Service Management Company (FSMC) that is providing vended meals** of any value. All contract terms must be 12 months or less.
- You are using the **same FSMC for multiple CACFP sites** that share the same Federal Employment Identification Number (FEIN).
- You are making a singular purchase from a **food distribution company** (e.g. Pure Fun, Sysco, etc.) that costs more than \$10,000. If your singular purchase applies to more than one CACFP site that share the same FEIN, you must follow procurement process and acquire three quotes prior to purchasing.
- If a singular purchase or a contractual annual agreement **exceeds \$250,000** in value, a formal bid process must take place.

Note:

- **Procurement must be completed every 12 months when using a FSMC.**
- If you are currently using a FSMC, you must attain new quotes that includes all of your current CACFP sites that share the same FEIN.
- If the annual contractual value exceeds \$250,000, contact us for more information about the formal bid processing guidelines before signing any agreement.
- You cannot breakup your orders with a vendor to keep costs below \$250,000 to avoid the formal bid process.
- If using a FSMC for food, you may purchase milk separately from a store and distributor.

New Applicants to CACFP under QCC Administrative Sponsorship

Procurement documents must be included in your application packet if you plan to use a FSMC during your first month of participation. See the next page for documentation requirements.

Using a Food Service Management Company

If you choose to use a FSMC, you are responsible for procuring a vendor that understands the CACFP meal pattern and your documentation requirements. The CACFP meal pattern is different from the National School Lunch Program (NSLP). Make sure your vendor understands this.

You must provide the following to the FSMC:

- Current info on the CACFP meal pattern – www.fns.usda.gov/cacfp/meals-and-snacks
- Your FSMC agreement must include that the vendor will clearly label which meals are whole grain-rich on (1) invoices, (2) delivery receipts and (3) menus at minimum. This is a QCC standard.

Note: If your site is only serving one meal or snack each day, you must ensure that any meal or snack with a grain must meet the USDA definition of whole grain-rich. If there is no whole grain-rich component, your site will be noncompliant and not receive reimbursement for that day. Vendors may not offer whole grains with each meal or snack.

You must provide QCC the following before using a FSMC (current sites and applicants):

- (A) A contract/agreement signed by both parties with a term that is no more than 12 months (no typed signatures)
- (B) A copy of the most recent FSMC menu with whole grains being clearly labeled on the menu
- (C) The FSMC current health inspection that is less than one year old
- (D) A certificate of incorporation for vendor or FSMC that is a corporation (not LLCs)
- (E) The **Small Purchase Documentation Form** with 2-3 quotes from vendors

Value of \$250,000 or More

If the annual value of the agreement is more than \$250,000, a detailed agreement must be completed after a formal procurement process takes place. Complete the following documents in addition to items (B-E) listed above:

- (F) **Agreement to Furnish Food Service for The CACFP**
- (G) **Food Service Management Company (FSMC) Contracts Checklist**

Download these documents at www.qualitycareforchildren.org/forms. You may use these forms if the value is less than \$250,000.

Less Than Arm's Length Transaction Disclosure Form

Complete this form and submit annually or as information changes. This form must be used to disclose any and all transactions with related parties. **A related party is a person, place, or thing related to or closely held by another person, place, or thing.** A transaction between the two is a less than arm's length transaction. QCC and DECAL require that related party transactions be disclosed, when federal funds are planned for the execution of such transactions. Failure to disclose these relationships inhibits QCC's ability to make informed decisions regarding the allowability of the costs. According to FNS 796-2 Rev. 4 VIII B, this will result in the disallowance of the cost and may subject your facility, its principals, employees, consultants or others to the administrative and legal remedies available to the QCC, DECAL and FNS (USDA).

Small Purchase Documentation Form for Kitchen Equipment, FSMC and Food Distributors

Name of Individual Soliciting Information: _____ Center/ARAS Name: _____

Instructions: Use this form to document purchases of **any kitchen equipment** or any use of a **Food Service Management Company**. Additionally, use this form for individual or grouped transaction(s) that exceed \$10,000 with a **food vendor**. Ensure at least two (2) quotes are used between qualified sources, (3) three are preferred. Attach additional supporting documentation to this form. Circle or note the vendor selected. Complete bottom section if the lowest bidder was not selected.

Vendor Name, Address, Telephone	Individual's Name and Position Providing Price Quote	Item Name/ Description of the goods or services, including quantity, any other pertinent terms or conditions required by the organization and date of service	Date of Contact	Method of Contact	Discussion with Vendor	Price Quote and Duration (annually, monthly, 1 time). Include any warranty and delivery costs.	Final Negotiated ANNUAL Estimate or Price
Vendor 1							
Vendor 2							
Vendor 3							

If the lowest bidder was not selected, document below the reasons the lowest bidder could not meet the specific contract terms sought.

Is the chosen vendor a Less than Arm's Length Transaction? Yes No (If no *Less than Arm's Length Transaction Disclosure Form* must be attached.)