**INFORMAL PROCUREMENT METHODS FOR SELF-PREP CACFP SPONSORS WITH TOTAL ANNUAL FOOD PURCHASES <$250,000 OR SPONSOR’S OWN SMALL PURCHASE THRESHOLD. YOU MAY CHOOSE MULTIPLE PURCHASING METHODS.**

**Please refer to CACFP 04-2018 and 2 CFR Part 200 for further clarification.**

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| **#1 MICROPURCHASING:**  For one-time food & supplies purchases valued between 0-$10,000. No solicitation or cost comparisons are necessary. Rotate all food and supply purchases between grocery or warehouse stores, etc. Total annual expenditures at each store should be somewhat equal. Not to be used for equipment or services. | **images.pngimages-1.jpeg**  **Foodland-logo.png**  **images-3.jpegimages-2.jpeg** |
| **#2 MARKET BASKET ANALYSIS**  **(Based on price only):**  Can be used to determine what grocery or warehouse store you will do the MAJORITY of your shopping based on lowest cost. Can be done once a year or multiple times a year. | How to do a Market Basket analysis:   1. Based on your menu, create a “shopping list” of the top 25 commonly purchased items for a 1-week or 2-week menu cycle. 2. Forecast estimated quantities needed based on expected program participation and past usage (historical data) as documented by orders, production records and/or receipts. 3. Write clear and accurate descriptions or specifications. Specify desired packaging size to prevent spoilage or over-purchasing. 4. Go to a minimum of 2-3 stores that are conveniently located and record the cost of each line item by the total product cost or cost per unit by oz. or lbs. if different pack size or weight. It does not have to be Brand name to Brand name; just equal. Conduct the comparison within the same week to demonstrate full and open competition. 5. Remember, if package sizes differ, adjust number of units (oz. or lbs.) to assure the yields are the same. Make sure to compare “apples-to-apples.” Always go with the lowest common denominator. If not the same, cost of product must then be adjusted to match the new weight/size to make the product equal. 6. **To determine total lowest cost,** multiply each line item for the quantity needed. 7. Remember to **KEEP ALL DOCUMENTATION**. 8. Since price is the only determining factor, select the store that offers the lowest bottom line cost. **You must shop at this store the majority of the time until you do a new Market Basket.** 9. The remaining items NOT on the top 25 list do not have to be priced out and can still be purchased as long as the purchase is reasonable, ordinary and necessary.   **If you find a sale at another store, you may buy those items, but you must keep the sales ad to document the lower cost. You must continue to use the primary store you selected for all other items.** |
| **#3 MARKET BASKET ANALYSIS IN AN INFORMAL PROCUREMENT**  **(Price and other factors are included in an evaluation matrix):**  Can be used to determine what grocery or warehouse store you will do the majority of your shopping because of the lowest cost AND other factors. An evaluation matrix/grid must be used to determine best vendor. Can be done once or multiple times a year. | Your Evaluation Matrix can have other criteria that could affect what vendor is selected. For example:   * Price (Market Basket list) 20% (Cost must always be the highest primary consideration) * Distance to travel 15% * Delivery 15% * Line of Credit 15% * Ease of ordering 15% * Service 10% * Availability of products 10%   Vendor with most points will be “awarded” majority of the SFAs/Sponsor’s food purchasing.  **If you find a sale at another store, you may buy those items, but you must keep the sales ad to document the lower cost. You must continue to use the primary store you selected for all other items.** |
| **#4 INFORMAL PROCUREMENT:**  Should be used when program operators have goods such as milk/milk products, meats, breads/baked goods and/or canned goods delivered to your school/kitchen. | How to do an Informal Procurement:   1. Based on your menu, create a “shopping list” of items purchased annually. 2. Separate your milk/milk products, meats, breads/baked goods and canned goods needed. 3. Forecast estimated quantities needed based on expected program participation and past usage (historical data) as documented by orders, production records and/or receipts. 4. Write clear and accurate descriptions or specifications. Specify desired packaging size to prevent spoilage or over-purchasing. 5. Send out informal bid (letter, email, phone, etc.) to a minimum of two or more responsive and responsible entities to demonstrate full and open competition was conducted. DOCUMENT EVERYTHING. 6. Set deadline to receive pricing. 7. If price is the only determining factor, select the store/vendor that offered the lowest bottom line cost, or use an evaluation tool to include other factors to determine winner.   When conducting an informal procurement, be sure to document specifications and record (verbal or written) quotes. A small purchase contract or agreement should be completed documenting the price quoted by the vendor. |