Welcome to this session on Procurement Requirements and the Budgeting Process in the Child and Adult Care Food Program.

My name is (introduce yourself).

[Set up a Post It poster sheet with a parking lot for any questions that may come up that the trainer does not know the answer. Collect all attendees passports, stamp and return before end of session.]

Topics

- Procurement Standards
- Methods of Procurement
- Record Maintenance Requirements
- Geographic Preference
- Budget Process

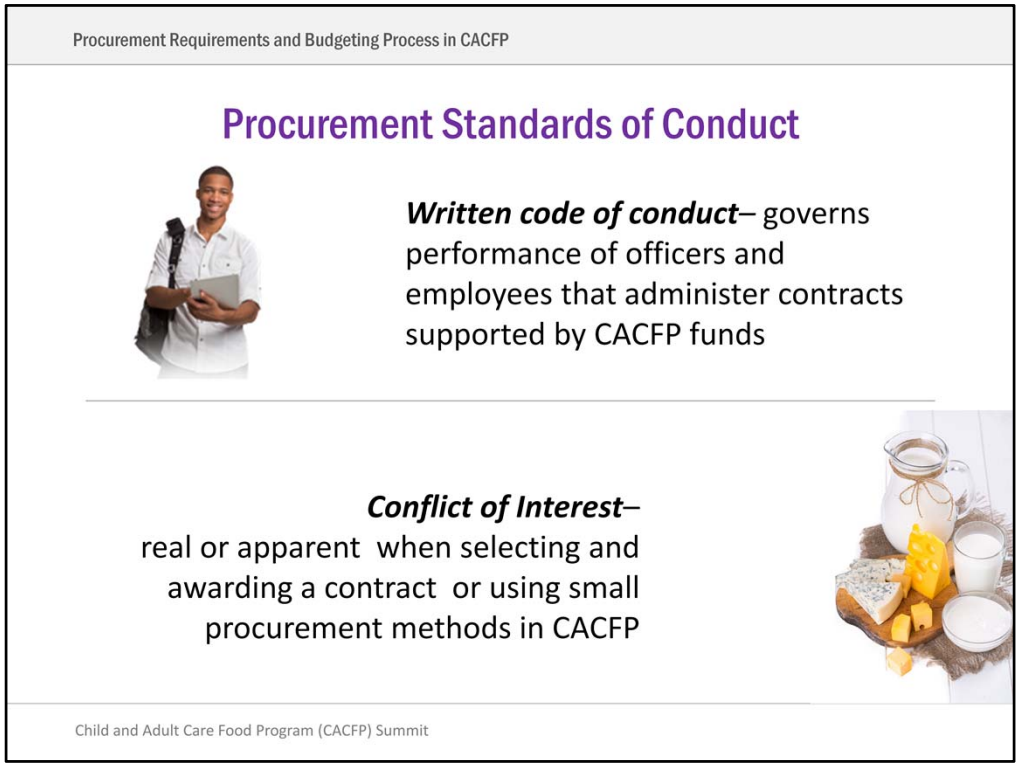
During this session we will take a look at the procurement standards and guidelines when procuring food, supplies, equipment and other goods and services. We will review the four procurement methods, procurement record maintenance requirements, geographic preference and conclude with the budgeting process in the Child and Adult Care Food Program.

Procurement Standards:

- ***Standards of Conduct*** – conflict of interest
- Procurement Procedures
- Free and Open Competition
- Debarred or Suspended

Let's get started! Procurement standards are necessary to ensure materials and services are obtained efficiently and economically and are in compliance with State and local laws. Institutions shall maintain a written code of standards of conduct, establish procurement procedures and all procurement transactions shall be conducted in a manner that provides the maximum of free and open competition. An institution should not knowingly do business with a company that is debarred or suspended.

Debarred: A company is prohibited from doing business in Child Nutrition Programs.
Suspended: A company is temporarily prohibited from doing business in CNP.



An Institutions written standards of conduct shall govern the performance of their officers (Board of Directors) and employees engaged in the award and administration of contracts supported by CACFP payments. No employee or board member shall participate in the selection, or in the award or administration of a contract, or when using small purchasing procedures, when supported by Federal funds if a conflict of interest, real or apparent, would be involved. A conflict would arise when an employee, board member, any member of their immediate family; or a partner; has a financial or other interest in the firm or vendor selected for award. Transactions with such firm or vendor is considered a less than arms length transaction.

The Institution's board members and employees shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Institutions may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. For example: no employees may accept gifts with a value of more than $25.

Procurement Procedures:

- Establish procurement procedures that avoids unnecessary or duplicate purchases
- Take steps to allow small and minority businesses
- Examples:
  - Include in solicitation lists
  - Divide tasks or quantities
  - Revise delivery schedules

The Institution shall establish procurement procedures which allow the proposed procurement actions to be reviewed by Institution officials to avoid the purchase of unnecessary or duplicative items.
Affirmative steps shall be taken to assure that small and minority businesses are utilized when possible.
For Example:
Including qualified small and minority businesses on solicitation lists;
When economically feasible, dividing total requirements into smaller tasks or quantities to permit maximum small and minority business participation. This may be as easy as awarding the contract by product type-produce, dairy, freezer products, dry food supplies, paper supplies, cleaning chemicals, etc.;
Where the requirement permits, establishing delivery schedules which will encourage participation by small and minority businesses;

Free and Open Competition

Procurement procedures shall not restrict or eliminate competition:

Examples of restrictive competition:

- Placing unreasonable requirements on vendors
- Non-competitive practices
- Organization conflict of interest
- Unnecessary experience or bonding requirements

All procurement transactions, regardless of whether by sealed bids or by negotiation and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistently. Procurement procedures shall not restrict or eliminate competition. Examples of restrictive competition include, but are not limited to are:
Placing unreasonable requirements on firms or vendors in order for them to qualify to do business,
Non-competitive practices between firms,
Organizational conflicts of interest, and
Unnecessary experience and bonding requirements.

Procurement Methods:

- Small Purchase Procedures
- Competitive Sealed Bids
- Competitive Negotiation
- Noncompetitive Negotiation

The procurement method an Institution will use depends on the total dollar amount of goods or services purchased. Small purchase procedures occurs when the total dollar amount of purchases are under the Federal purchasing threshold of $150,000. **Example**: All food and milk purchases for an Institution in a year must be under $150,000 for the Institution to use the small purchasing procedures.

Total purchases in a budget category over $150,000, the Institution must use one of the following large procurement practices:

- Competitive sealed bids, also known as an Invitation for Bid (IFB)
- Competitive negotiation which is a Request for Proposal (RFP)
- Or Noncompetitive negotiation which may be a small procurement, IFB or RFP.

Small purchase procedures are those relatively simple and informal procurement methods that are sound and appropriate for the procurement of services, supplies or other property, costing in the aggregate not more than $10,000.

When an Institution uses the small purchase procedures, price or rate quotation shall be obtained from three qualified sources. When procuring new products, three quotes must be solicited before purchasing and using CACFP funds. Example: When purchasing a kitchen oven that is under $10,000 the Institution must receive three written quotes before making their selection and purchasing the oven.

To meet the small procurement requirements when purchasing food and milk in CACFP, Independent Centers and Sponsoring Organizations of affiliated centers must annually conduct a written market basket study.

New: Facilities sponsored by organizations, either day care homes or centers are not required to document procurement practices or procedures.

Note: Sponsoring organizations of affiliated centers are responsible for annually documenting small procurement practices for all sponsored centers. The organization may request assistance from centers for collecting the 3 market price comparisons. If centers are near each other only one market comparison is needed for the centers in the same

area. The sponsoring organization is responsible for making the store or stores selection for each center and notifying the centers of their selection or selections.

Example: Market Basket Study

Market Basket Grocery List Comparisons

Sponsor/Center Name: Date:

Grocery Item	Store A Name:	Store B Name:	Store C Name:	Results
	Price	Price	Price	Store w/Lowest Price
FRUITS/VEGS FRESH				
GRAINS				
DAIRY				
MEAT/MEAT ALTERNATE				
FRUITS/VEGS FROZEN-CANNED				

On this slide you will the market basket study Independent Centers and Sponsoring Organizations can use to complete the annual small purchase requirements for the procurement of food and milk. This form may be revised to collect three quotes on other supplies as well, for example: office or nonfood supplies.

Even though the requirement is to conduct a written market study annually, Institutions may conduct one more frequently as needed.

Please Note: noncompetitive negotiation may occur for small purchases as well if after solicitation for a number of sources the competition is inadequate. Example: In rural areas where only one grocery store is available within several miles of the Institution. The Institution will need to solicit pricing from a second store but when justifying selection of local store. The Institution would document the distance of travel and additional costs to purchase from the second store out of their area.

Competitive Sealed Bids:

Invitation for Bid (IFB) is a public solicited and a firm-fixed price contract awarded to a responsible bidder whose bid meets the condition of the IFB and is the lowest price.

For a formal IFB to be feasible, the following must be present:

- A complete specification of the product is available.
- Two or more responsible suppliers are willing to compete for the Institution's business.
- The procurement is a firm-fixed price contract, and selection can be made principally on the basis of price.

Competitive sealed bids or otherwise known as an Invitation for Bid (IFB) must be publicly solicited. A firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest price.
In order for a formal IFB to be feasible, appropriate conditions must be present:

(A) A complete specification of the product is available.
(B) Two or more responsible suppliers are willing and able to compete effectively for the Institution's business.
(C) The procurement lends itself to a firm-fixed price contract, and selection of the successful bidder can appropriately be made principally on the basis of price.

Invitation for Bid (IFB) Requirements

- Sufficient time prior to the date set for opening of bids, bids shall be from an adequate number of suppliers, and the invitation is publicly advertised.
- The IFB, has clearly defined items or services needed in order for the bidders to respond to the invitation.
- All bids shall be opened publicly at the time and place stated in the invitation for bids.
- A firm-fixed-price contract award is made by written notice to the responsible bidder with the lowest bid.
- Any or all bids may be rejected when there are sound documented business reasons in the best interest of CACFP.

When an IFB is used for procurement under CACFP, the following requirements apply:
(A) Sufficient time is provided prior to the date set for opening of bids(example: 3-4 weeks), bids shall be solicited from an adequate number of known suppliers. In addition, the invitation shall be publicly advertised.
(B) The invitation for bids, including specifications and pertinent attachments, clearly define the items or services needed in order for the bidders to properly respond to the invitation.
(C) All bids shall be opened publicly at the time and place stated in the invitation for bids.
(D) A firm-fixed-price contract award shall be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is the lowest. A cost plus percentage is not allowed. Factors such as discounts and transportation costs shall be considered in determining which bid is the lowest. Payment discounts may only be used to determine a low bid when prior experience of the grantee indicates that such discounts are generally taken.
(E) Any or all bids may be rejected when there are sound documented business reasons in the best interest of CACFP.

Competitive Negotiation

- Proposals are requested from at least 3-4 sources
- Request for Proposal (RFP) is publicized
- Negotiations are conducted when more than one source submits an offer
- A fixed price or cost-reimbursable contract is awarded
- Competitive negotiation is used when product and services are requested

In competitive negotiation, proposals are requested from at least 3-4 sources and the Request for Proposal (RFP) is publicized. Negotiations are normally conducted with more than one of the sources that submitted offers, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. Competitive negotiation may be used if conditions are not appropriate for the use of formal advertising. Example: When food and delivery services are requested in the proposal.

Noncompetitive negotiation is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. Noncompetitive negotiation may be used when the award of a contract is infeasible under small purchase, competitive bidding (IFB), or competitive negotiation procedures (RFP). Circumstances under which a contract may be awarded by noncompetitive negotiation are limited to the following:

(i) The item is available only from a single source;

(ii) Public emergency (disaster) when the urgency for the requirement will not permit a delay incident to competitive solicitation;

(iii) FNS authorizes noncompetitive negotiation; or

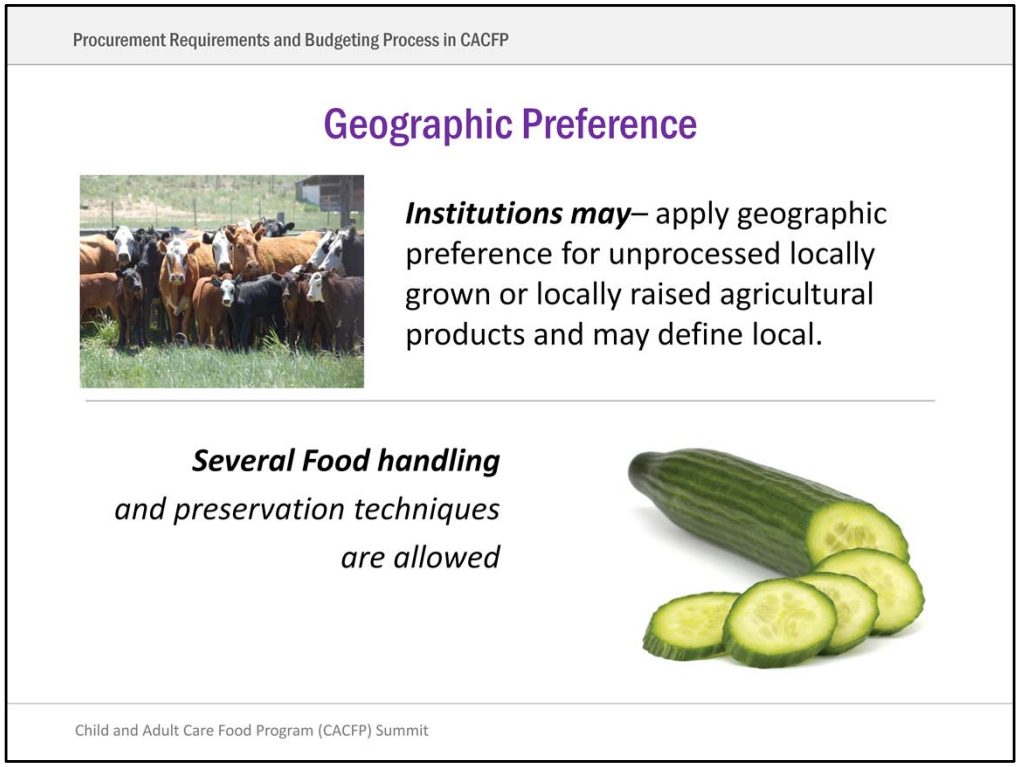
(iv) again, when competition is not adequate.

Record Maintenance:

Institutions must maintain written procurement records for three years plus the current program year. The records must include, but is not limited to:

- Detail of procurement history
- Rationale for procurement method
- Selection of contract type
- Contractor selection or rejection
- And basis for the cost or price

Institutions shall maintain written procurement records for three years plus the current program year. The written records shall sufficiently detail the significant history of procurement. These records shall include, but are not necessarily limited to information pertinent to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the cost or price. The cost and price is documented with purchase orders, delivery receipts, invoices, or itemized cash receipts.



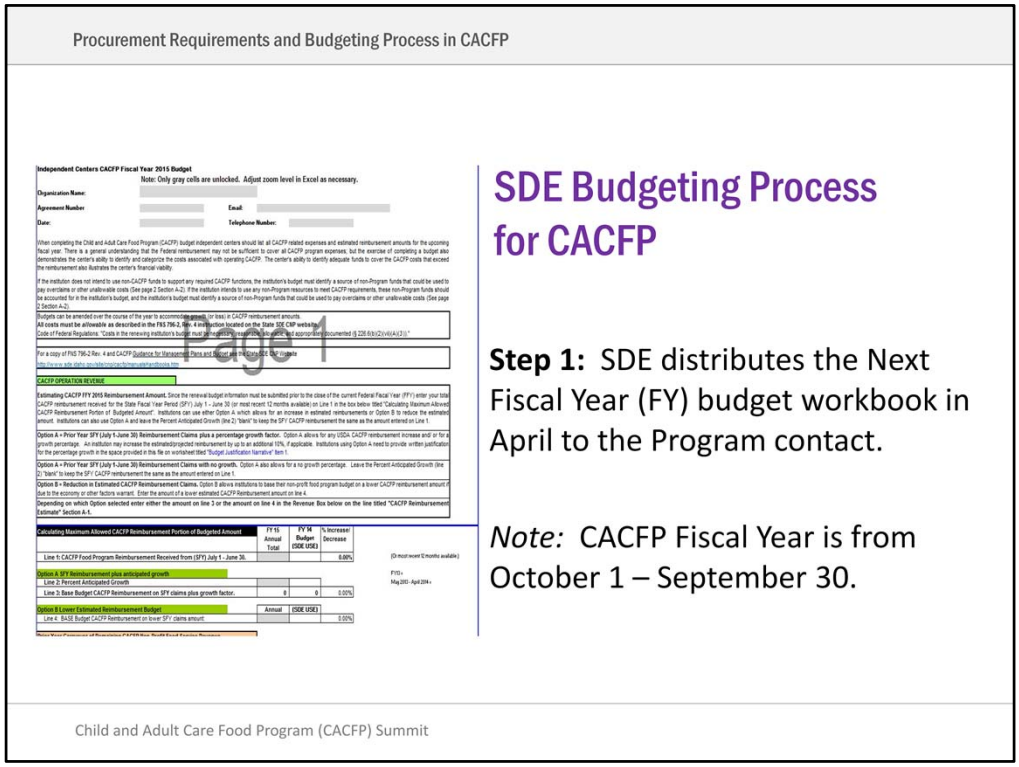
Institutions participating in CACFP may apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products. When utilizing the geographic preference to procure such products, the Institution making the purchase has the discretion to determine the local area to which the geographic preference option will be applied;

For the purpose of applying the optional geographic preference, ‘‘unprocessed locally grown or locally raised agricultural products’’ means only those agricultural products that retain their inherent character. The effects of the following food handling and preservation techniques shall ***not*** be considered as changing an agricultural product into a product of a different kind or character: Cooling; refrigerating; freezing; size adjustment made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; forming ground products into patties without any additives or fillers; drying/dehydration; washing; packaging (such as placing eggs in cartons), vacuum packing and bagging (such as placing vegetables in bags or combining two or more types of vegetables or fruits in a single package); addition of ascorbic acid or other preservatives to prevent oxidation of produce; butchering livestock and poultry; cleaning fish; and the pasteurization of milk.

In an IFB or RFP an Institution may provide extra points for local foods when making their selection or allow higher costs for local products. This may apply to the small

procurement selection as well.

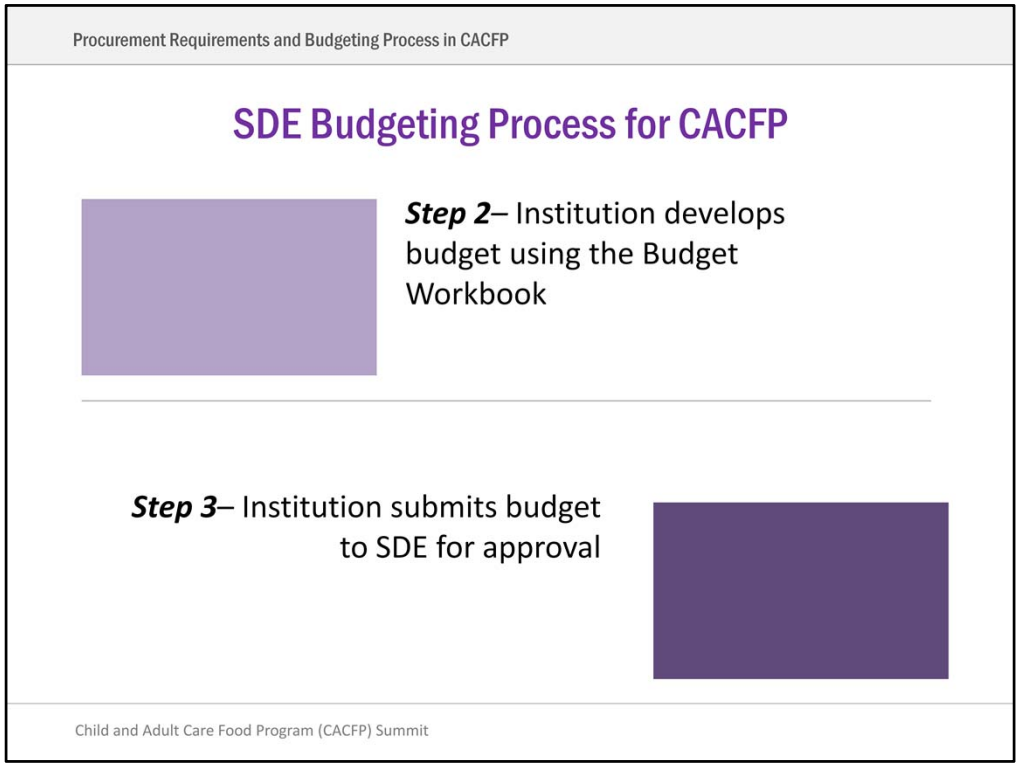
Before moving onto the budget process does anyone have any questions on procurement?



Now let's get started with the budget process! Since 2010 when SDE implemented the new budget workbook and in 2012 when we transferred from CNP2000 to MyIdahoCNP application and claiming system the budgeting process has changed and this training will cover all current steps in the process.

The first step in the process begins in April of each year. SDE will distribute the next fiscal year (FY) budget workbook to all program contacts and executive director in the first week of April. The workbook is sent though SDE broad cast email system which limits who the workbook may be sent to in each Institution. It is important if the Program Contact or Executive Director are not the individual in your Institution to complete the work book, to forward the workbook to the correct individual.

CACFP program year begins October 1 and runs through September 30. The budget process begins early so Institutions may plan ahead, complete the workbook and receive SDE approval before the program year begins.



The second step in the process is when the Institutions develop and complete the budget workbook. During this time, Institutions may contact SDE with any questions or Sponsoring Organizations of Centers or Homes may work with the SDE Financial Consultant to complete the budget workbook.

The third step is to submit the completed budget workbook to SDE. IC and SOC budgets are due June 1st each year and SODCH budgets are due August 1st each year. It is very important the budget is complete and sufficient detailed information is provided for each budget item to assure SDE may approve your budget. Example: If you are budgeting for new laptops it is important to include who in the organization will be receiving the laptop (employee name and percentage of time working in CACFP). If an employee only works 50% of their time in CACFP only 50% of the cost of the laptop may be allocated to CACFP in the budget.

SDE Budgeting Process for CACFP

Step 4: SDE returns approved budget workbook to Institution

Step four is when SDE reviews the Institutions budget workbook and determines if it is complete and ready for approval. If additional information is needed SDE will contact the Institution for revisions or additional information before approving the budget. Once the budget workbook is approved it will be emailed to the Institution Program Contact or Executive Director. The file name will have in it “SA approved”. This is very important since it will distinguish the file from the original budget workbook sent to SDE. The approved budget has the signed SPWA form.

SDE Budgeting Process for CACFP

Step 5 Institutions approved budget in MyIdahoCNP application packet for the next fiscal year

Packet Assigned To: Kim Huntley

Action	Form Name	Latest Version	Status
View | Revise	✔ Sponsor Application	Original	Approved
View | Admin	✔ Civil Rights Information		Approved
Revise | Details	✔ Board of Directors	Original	Approved
View | Revise	✔ Sponsor Budget Detail	Rev. 1	Approved
View | Revise	✔ Sponsor Management Plan	Rev. 1	Approved
Details	✔ Checklist (3)		
Details	Application Packet Notes		
View	Application Packet Notes for Sponsor		
Details	Attachment List		

	Approved	Pending	Return for Correction	Denied	Withdrawn/ Closed	Error	Total Applications
Site Application(s)	1	0	0	0	0	0	1

In step five the Institution will enter their approved budget in the next fiscal year application packet in MyIdahoCNP in the Sponsor Budget Detail form as highlighted above in this slide. When you first enter the budget summary in the budget detail you will need to click on “add”. Once the summary is added, then the action column will show “view/revised”.

SDE Budgeting Process for CACFP

A. Anticipated Annual CACFP Revenue		
1. Number of sites anticipated for sponsorship	0	
2. Projected Total Annual Revenue	$0.00	$0.00
B. Projected Operating CACFP Expenditures		
1. Salary and Wages	$0.00	$0.00
2. Benefits	$0.00	$0.00
3. Food Purchases	$0.00	$0.00
4. Meal Contracts (meal cost)	$0.00	$0.00
5. Mileage (meal transporting cost)	$0.00	$0.00
6. Non-Food Supplies	$0.00	$0.00
7. Food Service Durable Supplies/Equipment/Repair	$0.00	$0.00
8. Purchased Services	$0.00	$0.00
9. Food Service Space	$0.00	$0.00
10. Reimbursement to Unaffiliated Centers	$0.00	$0.00
Total Operating Costs	$0.00	$0.00
C. Net Operating Amount		
1. Difference (A-B)	$0.00	$0.00
D. Projected Administrative CACFP Expenditures		
1. Salary and Wages	$0.00	$0.00
2. Benefits	$0.00	$0.00
3. Durable Supplies under $5,000	$0.00	$0.00
4. Office Materials (Expendable) Supplies	$0.00	$0.00
5. Equipment Purchases over $5,000	$0.00	$0.00
6. Equipment Rental/Lease	$0.00	$0.00
7. Printing	$0.00	$0.00
8. Postage	$0.00	$0.00
9. Office Space/Rental/Lease/Depreciation Use Allowance	$0.00	$0.00
10. Utilities/Facility Maintenance/Janitorial Services	$0.00	$0.00
11. Communications	$0.00	$0.00
12. Travel for Program Operations	$0.00	$0.00
13. Center Workshops/Participant Training	$0.00	$0.00
14. Nutrition Education Materials	$0.00	$0.00
15. Meetings, Conferences and Staff Training	$0.00	$0.00
16. Contracted/Professional Services	$0.00	$0.00
17. Insurance Premiums/Bonding	$0.00	$0.00
18. Memberships/Subscriptions/Professional Activities	$0.00	$0.00
19. Other Administrative Expenditures/Advertising	$0.00	$0.00
Total Direct Administrative Costs	$0.00	$0.00
20. Total Modified Direct Costs (TMDC)*	$0.00	$0.00
21. Total Indirect Costs	$0.00	$0.00
Total Direct Costs/TMDC/Indirect Costs	$0.00	$0.00

Institution enters budget summary in MyIdahoCNP budget detail form and attaches approved budget workbook before saving

This is a snap shot of the form in the Sponsor Budget Detail. The summary of the budget workbook is the only information entered into this form. So refer to the summary section of your budget workbook to complete this step. Once the budget summary is completed, if your Institution had any items in the budget requiring Specific Prior Written Approval please check the appropriate box on the form, certify the information is true and correct and before saving the form attached your approved budget work book file in the form. This is done at the bottom of the form where forms may be attached. Once the “SA approved” budget work book file is attached save the Sponsor Budget Detail in MyIdahoCNP.

When your application packet is fully reviewed and updated the “Submit for Approval” button will light up in red so you may submit your packet for approval. SDE at this time may review and approve your packet. If SDE has any questions, SDE will contact you via email for any necessary changes before approving the packet. All packet must be approved by the start of the program year (October 1).

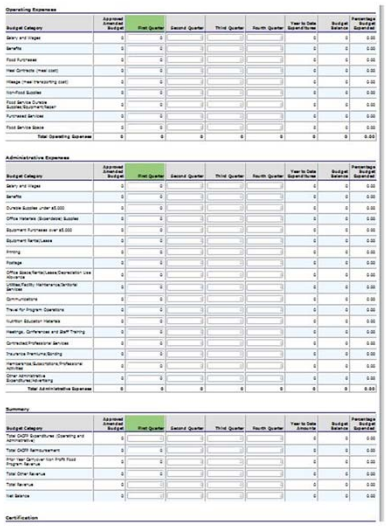
Note: For-Profits application packets are due August 15 and Nonprofits are due September 15 each year to SDE.

SDE Budgeting Process for CACFP---- Quarterly Reports

Item	Description
Sponsor Manager	CACFP Sponsor's Profile, Site and Hold Information
Application Packet - Center	Center Application Packet
Application Packet - DCH	DCH Application Packet
Download Forms	Forms for Downloading - CACFP
ACQR - Centers	Center Actual Cost Quarterly Report
ACQR - DCH	DCH Actual Cost Quarterly Report
ACQR Summary - Centers	Displays a summary of ACQR report activity for Centers.
ACQR Summary - DCH	Displays a summary of ACQR report activity for Homes.

At this point, your application packet is approved and when October 1 arrives you are ready to operate in CACFP for another program year.

During the months of October, November and December it is important to maintain all budget expense and revenue receipts and to track actual expenses/revenue monthly by each budget category (line item). This is very important so you can enter your actual expenses and revenue for the three months into the first Quarterly Report. To access the Quarterly reports, select Application in MyIdahoCNP and in the drop down menu select ACQR –Centers if you are an Independent Center or Sponsoring Organization of Centers or select ACQR-DCH is you are a Sponsoring Organization of Day Care Homes.



SDE Budgeting Process for CACFP

Step 6: Institution completes quarterly reports in MyIdahoCNP

Quarter 1: Due January 15
Quarter 2: Due April 15
Quarter 3: Due July 15
Quarter 4: Due October 15

Step six in the budgeting process is to report the Institutions **actual** expenses and revenue in the Quarterly Reports. This slide shows the quarterly report form in MyIdahoCNP. Each quarter is entered separately in this form. At any time in the program year if you find you made a mistake in one of the quarter reports you may access the report for that quarter and update the form. If you update the form it is important to contact SDE so they may review and accept the changes in MyIdahoCNP.

Quarter one is due January 15th and covers October, November and December
Quarter two is due April 15th and covers January, February, and March
Quarter three is due July 15th and covers April, May and June
And Quarter four (last quarter in year) is due October 15th and covers July, August and September.

The final step in the budgeting process is to submit budget amendments to SDE as needed. When entering your actual expenses and revenue in the quarterly reports this is a good time to review your Institution's budget status. In the far right column in the quarterly report is the % of the budget that has been expended. If your Institution is in the second quarter (half way through your program operation) and the expenditure in Food and Milk is already at 95%, you will need to complete a budget amendment.

Institutions may ***not*** go over more than 10% per any line item expense. Any amount over 10% on any line item will be unallowable and must be paid with other program funds. It is important to submit an amended budget and receive approval before spending funds over the current approved Institutions budget.

To submit a budget amendment to SDE, use the Institutions "SA approved" budget workbook and make any necessary changes in the workbook. If you cannot find the "SA approved" workbook in your files you may access the most current approved budget in MyIdahoCNP Sponsor Budget Detail in the Institutions application packet.

Once the workbook is updated, submit the amended budget to SDE for approval. SDE will review and request and changes or ask any questions in order to approve the budget amendment. Once SDE approves the amended budget, SDE will update MyIdahoCNP Sponsor Budget Detail, attach the current approved amended budget workbook in the budget detail form and email the "SA approved" amended budget workbook to the Institution. At this point, when the Institution accesses the Quarterly reports they will

notice the percentage expended is updated.

Unallowable Costs vs Unapproved Costs

If an Institution pays for a cost that was not included in the Institutions approved budget the cost is unapproved and therefore unallowable even though it might be an allowable expense if the Institution received prior approval.

Unallowable Costs vs. Unapproved Costs

When SDE finds that CACFP funds have been used to pay for an unapproved cost, SDE must disallow the cost. Even if the expenditure would have been allowable had it received prior approval, the cost becomes an unallowable cost. SDE can either request that the funds be returned to SDE or off-set future payments; either of these actions is appealable.

Record Keeping Requirements

All records to support the budget expenses and revenue must be maintained for three years plus the current program year in CACFP. This includes but is not limited to:

- Food and Supply receipts,
- Invoices, purchase orders, itemized cash receipts, delivery tickets
- Cost records for transportation (mileage records)
- Expenses related to vended meals
- Lease or rental invoices
- Training and Travel receipts
- Time sheets, time and attendance reports, payroll records

Here are the record keeping requirements for the Budget process in CACFP.

All records to support the budget expenses and revenue must be maintained for three years plus the current program year in CACFP. This includes but is not limited to:
▪Food and Supply receipts,
▪Invoices, purchase orders, itemized cash receipts, delivery tickets
▪Cost records for transportation (mileage records)
▪Expenses related to vended meals
▪Lease or rental invoices
▪Training and Travel receipts
▪Time sheets, time and attendance reports, payroll records

Wrap Up

Get your passport stamped before you leave!

Remember to complete the evaluation.

Thank you!

IDAHO CNP CHILD NUTRITION PROGRAMS

I hope you have found this session helpful. Please make sure I have stamped your passport before you leave this session. Remember to complete the evaluation.

The U.S. Department of Agriculture prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866)632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at program.intake@usda.gov. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800)877-8339; or (800)845-6136 (Spanish).

USDA is an equal opportunity provider and employer.

USDA Child Nutrition Programs recognize the following protected classes: race, color, national origin, sex, age, and disability.