



STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

MEMORANDUM

TO: District Superintendents, Principals, and Business Officials

FROM: Juanita Bowens-Seabrook, PhD, RD, SNS
Director, Office of Health and Nutrition

DATE: January 4, 2016

RE: Changes in Procurement Regulations for Child Nutrition Programs

The promulgation of 2 CFR 200 established uniform administrative requirements, cost principles, and audit requirements for all federal awards. As of July 1, 2015, this regulation affects all child nutrition programs operating in the National School Lunch Program, as well as all United States Department of Agriculture (USDA) grants and reimbursements for breakfast, lunch, and afterschool snacks.

This regulation also repeals previous USDA procurement regulations under 7 CFR Parts 3016 and 3019. Procurement standards for child nutrition programs are now found under 2 CFR Part 200.317-326. These regulations affect all purchases using USDA funds, including food, equipment, supplies, technology, and contractual services. Major changes include the following:

- new procurement audit process, to include a three-year review cycle, starting in fall 2016;
- new pre-issuance review and notification requirements for solicitations;
- new "micro-purchase" threshold for very small purchases;
- greater documentation requirements for local contract administration processes;
- new requirement for a written local procurement code of conduct;
- additional requirements for purchasing groups, third-party agents, and contract piggybacking;
- new requirement for a price/cost analysis as part of all procurements over \$150,000; and
- new standards for the processing of USDA Foods (commodities) into finished products.

Child nutrition program directors/supervisors have already received this information via several statewide meetings and other outreach efforts, to include initial recommendations on how to identify and assess the impact of these changes to existing finance and procurement processes. Additional information, training opportunities, and technical assistance services will be forthcoming as USDA continues to publish new and updated guidance, as well as the evaluation tool for the new procurement audit process. In the interim, if you have any questions or concerns, please call (803) 734-8188.