



Georgia Department of Early Care and Learning

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MEMORANDUM

To: All Institutions Participating in the Child and Adult Care Food Program (CACFP) and the Sponsors Participating in the Summer Food Service Program (SFSP)

From: Falita S. Flowers, Nutrition Services Director (*Original Signed*)

Date: June 6, 2016

Subject: Bonding Requirements for Food Service Management Companies and other Subcontractors

Legal Authority: USDA Policy Memorandum SP 35-2016, 2 CFR § 200.325, 7 CFR § 225.15

Definitions: *Simplified Acquisition Threshold (SAT)* means any costs above \$3,500.00 and below \$150,000.00.

Subcontractor(s) means a contract by which a company or person(s) agrees to render services or to provide materials necessary for the performance of another contract.

The purpose of this memorandum is to clarify regulatory language involving subcontracts of construction or facility improvements. Specifically, under previous interpretation of 2 CFR 200.325, Food Nutrition Service (FNS) communicated that “subcontracts exceeding the Simplified Acquisition Threshold” not only applied to subcontracts related to construction or facility improvement contracts, but also applied to Food Service Management Companies (FSMCs) as the contracts they have with School Food Authorities (SFAs) were considered to be subcontracts and, therefore, fell under the scope of the bonding requirements in 2 CFR 200.325.

Specifically, the bonding requirements in 2 CFR 200.325 apply only to subcontracts of construction or facility improvement contracts exceeding the Simplified Acquisition Threshold. The bonding requirements do not apply to the procurement of FSMC services in the National School Lunch Program. State and local agencies may continue to establish bonding requirements to ensure the Federal interest is protected so long as it does not create a barrier to free and open competition.

Bonding requirements for FSMCs in Summer Food Service Programs remains as outlined in 7 CFR 225.15 and SFSP13-2014. In addition, Child and Adult Care Food Program (CACFP) FSMC contracts inclusive of SFSP must adhere to bonding requirements outlined in 7 CFR 225.15 and SFSP13-2014.

Accessible link to the Procurement Manual:

<http://www.dec.state.ga.gov/documents/attachments/ProcurementManual.pdf>

For questions concerning this memorandum, please contact the Procurement and Purchasing Compliance Officer at 404-656-2472.