

How to Complete the Capital Expenditure Pre-Approval Request Form

STEP-BY-STEP INSTRUCTION

Revised August 2022

Professional Standards Learning Code: 3360





Arizona Department of Education (ADE)

This training was developed by the Arizona Department of Education (ADE) Health and Nutrition Services Division (HNS).

Intended Audience

This training is intended for **School Food Authorities (SFAs)** operating the **National School Lunch Program (NSLP)**. All regulations are specific to operating the NSLP under the direction of ADE.

Professional Standards

Information to include when documenting this training for Professional Standards:

Training Title: How to Complete the Capital Expenditure Pre-Approval Request Form

Key Area: 3000 – Administration

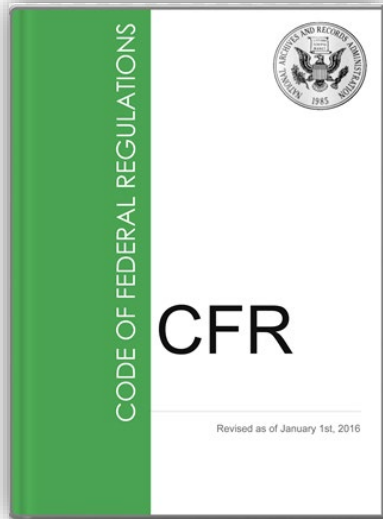
Learning Codes: 3360

Length: 15 minutes

Objectives

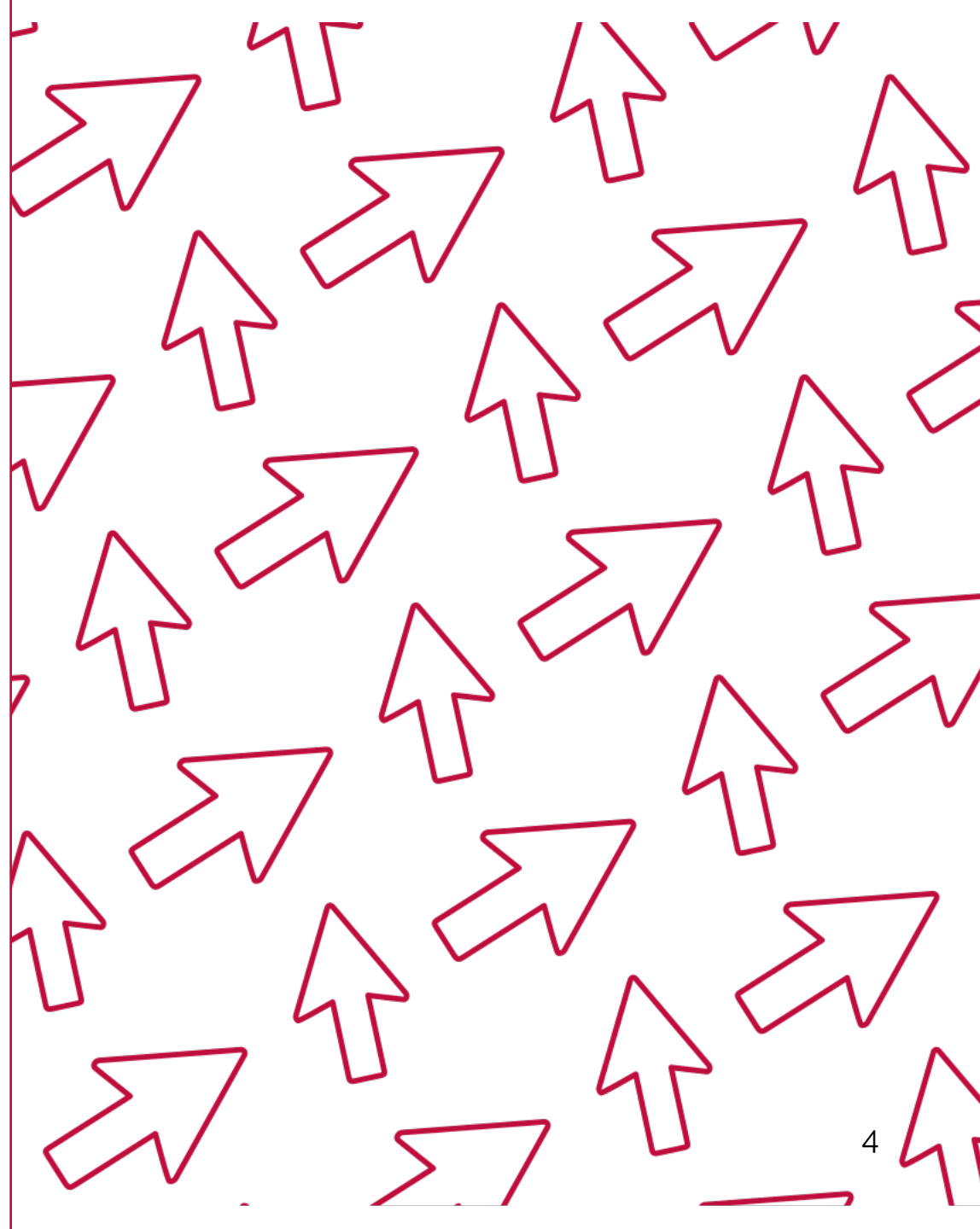
At the end of this training, attendees should be able to:

- identify capital equipment items;
- know Arizona's capitalization threshold for purchasing equipment items;
- be familiar with ADE's *Pre-Approved Capital Equipment List*; and
- locate and properly complete the *Capital Expenditure Pre-Approval Request Form*.



The instruction within this **How-To Guide** is based on guidance from the Code of Federal Regulation (CFR), Title 2 CFR 200.439, Equipment and other capital expenditures.

It is recommended to review these regulations in addition to reviewing this course for complete guidance on requirements for purchasing capital equipment with nonprofit school food service account funds.



Definitions

School Food Authority (SFA): The governing body which is responsible for the administration of one or more schools and has the legal authority to operate the Child Nutrition Programs (CNPs). The SFA is responsible for maintaining the nonprofit school food service account and observing the requirements for and limitations on the use of nonprofit school food service revenues.

Nonprofit School Food Service Account (NSFSA): The restricted account in which the revenue from all food service operations conducted by the SFA, principally for the benefit of school children, is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e) and proceeds from nonprogram foods as provided in §210.14(f).

Equipment: Tangible property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the \$5,000 threshold.

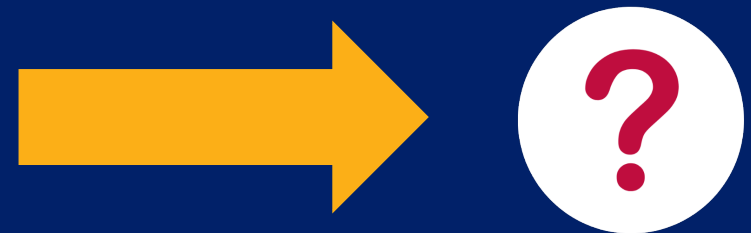
Definitions

Acquisition cost: The cost of an asset, including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, is the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

Federal awarding agency: The Federal agency that provides a Federal award directly to a non-Federal entity.

Non-Federal entity: A state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

- Throughout this guide, there will be comprehension quiz questions to test your knowledge and help you apply what you're learning.
- Be sure to review these quiz questions and answers available within the guide.
- This icon will indicate a comprehension quiz question, and the background of the slides will be blue like you see on this slide.



How to Complete the Capital Expenditure Pre-Approval Request Form

This Step-by-Step Instruction will include:

Capital Equipment Requirements	Slides 9 – 16
Capital Expenditure Pre-Approval Request Form	Slides 17 – 24
Submitting the Capital Expenditure Pre-Approval Request Form	Slides 25 – 27

The following slides will only cover how-to instructions for completing the Capital Equipment Pre-Approval Request Form.

Capital Equipment Requirements



Capital Equipment Requirements

State Agency Approval

Equipment is defined as a tangible property that has a useful life of one year or longer.

Equipment is identified as a capital asset; therefore, it has been made a Federal requirement that SFAs obtain written approval by ADE prior to purchasing capital equipment that has a per-unit acquisition cost that equals or exceeds \$5,000.

Capital Equipment Requirements

Criteria for Capital Equipment

Purchases that meet the following criteria are considered capital equipment:

- Lasts more than one year
- Typically repaired rather than replaced when worn down or damaged
- Independent unit rather than being incorporated into another unit item
- Exceeds minimum dollar value mandated by the state or other governmental unit (capitalization threshold)

What action must an SFA take prior to purchasing three Grab 'N' Go carts for breakfast that have a per-unit cost of \$3,000?

- A) Nothing because the per-unit cost of the item is less than \$5,000.
- B) The SFA must request pre-approval because this is considered an equipment item.
- C) The SFA is not allowed to purchase this type of equipment regardless of the cost.



What action must an SFA take prior to purchasing three Grab 'N' Go carts for breakfast that have a per-unit cost of \$3,000?

- A) Nothing because the per-unit cost of the item is less than \$5,000.**
- B) The SFA must request pre-approval because this is considered an equipment item.
- C) The SFA is not allowed to purchase this type of equipment regardless of the cost.

The SFA is not required to request pre-approval from ADE unless the equipment's per-unit cost is \$5,000 or more. In this scenario, the SFA can make these purchases without notifying ADE.

Capital Equipment Requirements

Pre-Approval Capital Equipment List

When an SFA purchases capital equipment, they are essentially making that purchase prior to receiving any benefit from that asset, which means the purchase is a greater risk.

Due to this risk, ADE is responsible for assuring that the asset's acquisition cost is necessary for program purposes and that the NSFSA can absorb the cost.

To reduce administrative burden and to quicken the approval process, ADE has created the [Pre-Approved Capital Equipment List](#). This list contains equipment items that can be purchased by SFAs without ADE approval regardless of whether the equipment's per-unit cost exceeds \$5,000.

Capital Equipment Requirements

Pre-Approval Equipment

Prior to requesting approval for capital equipment purchases, SFAs should review the list shown below to see if the equipment that they would like to purchase has already been pre-approved. SFAs may purchase these items following proper procurement procedures, as applicable.

Braisers/Tilting Skillet	Range/Oven Combo
Cash Registers/POS Hardware (software requires prior ADE approval)	Reach-in Coolers (walk-in requires prior ADE approval)
Dishwasher	Reach-in Freezers (walk-in requires prior ADE approval)
Dough Divider/Bun Cutter	Refrigerated Prep Tables
Dough Roller/Sheeter	Serving line: Refrigerated/heated, including serving shelf/guards
Food Processors/Cutters	Slicers
Holding/Proofing Cabinets: Stationary and/or Mobile	Steam Tables
Merchandiser (glass-sided or open front refrigerator for displaying food or beverages)	Steamers
Milk Coolers	Storage Racks
Mixers	Stovetops
Oven, Combi Oven	Vehicle to Transport Food
Oven, Convention, Electric, or Gas	Vertical Cutter Mixer
Oven, Conveyer or Impinger	Warmer, Countertop and Drawers

Capital Equipment Requirements

Equipment Not Included on the Pre-Approval List

If an SFA would like to purchase capital equipment that is not included on the *Pre-Approved Capital Equipment List*, a request for approval must be submitted by the SFA to their assigned Health and Nutrition Services (HNS) Specialist using the *Capital Expenditure Pre-Approval Request Form* prior to purchasing the equipment.

Capital Expenditure Pre-Approval Request Form



Capital Expenditure Pre-Approval Request Form

Requesting Pre-Approval

The *Capital Expenditure Pre-Approval Request Form* is required to be submitted and approved by the SFA's assigned HNS Specialist prior to the capital equipment being purchased to ensure it is an unallowable cost. A purchase can be found unallowable for the NSFSA if it is not necessary or reasonable for the operation or the improvement of the CNP.

It is important that school districts understand revenues received by the NSFSA are to be used only for the operation or improvement of the CNP.

- These funds cannot be used to purchase land or buildings, or to construct buildings.


Capital Expenditure Pre-Approval Request Form

Beginning the Form

The remainder of this training will provide you with instruction on how to properly complete the *Capital Expenditure Pre-Approval Request Form*.

To best understand how to complete the *Capital Expenditure Pre-Approval Request Form*, it is recommended to print or have the form displayed on your desktop while reviewing the following slides.

- Click [here](#) to locate the form.


Capital Expenditure Pre-Approval Request Form

School Food Authority (SFA): _____ CTD#: _____
Date: _____

Description of the anticipated capital expenditure
All Capital Expenditures must comply with 2 CFR 200 and USDA Program regulations (7 CFR Part 210, Part 215, Part 220 and other federally funded programs), guidance, and instructions.

Total costs of the capital expenditure, including any acquisition costs
Acquisition cost is the cost of the asset including the cost to put it in place. For example, the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

Please read and check the box next to each statement

I certify that the above referenced capital expenditure is necessary and reasonable for proper and efficient performance and administration of the National School Lunch and Breakfast Programs.

I certify that the above referenced capital expenditure is allocable to the Federal award.
A cost is allocable to a cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

I certify that the above referenced capital expenditure is accorded consistent treatment.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.

I certify that the above referenced capital expenditure is not included as a cost or used to meet cost sharing or matching requirements of any other Federal award.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.

I certify that the above referenced capital expenditure is the net of all applicable credits.

Signature of Authorized Signer Date _____

Signature of Authorized School Nutrition Programs Representative Date _____

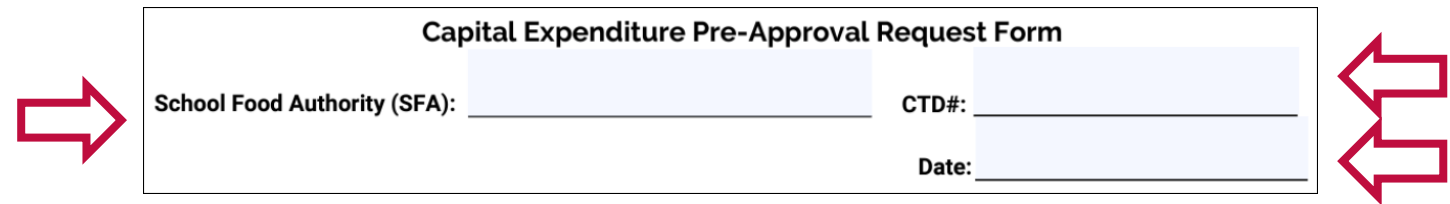
June 2022 | Health and Nutrition Services | Arizona Department of Education | This institution is an equal opportunity provider.

*Capital Equipment
Pre-Approval Request Form*

Capital Expenditure Pre-Approval Request Form

Header

Now that you have the *Capital Expenditure Pre-Approval Request Form* displayed, the first task is to complete the header displayed below.



Capital Expenditure Pre-Approval Request Form

School Food Authority (SFA): CTD#:

Date:


The diagram shows a rectangular box representing the form header. At the top center, it is titled "Capital Expenditure Pre-Approval Request Form". Below the title, there are three input fields. The first field is labeled "School Food Authority (SFA):" and is followed by a light blue rectangular input box. The second field is labeled "CTD#:" and is followed by a light blue rectangular input box. The third field is labeled "Date:" and is followed by a light blue rectangular input box. A red arrow points from the left towards the "School Food Authority (SFA):" field. Two red arrows point from the right towards the "CTD#:" and "Date:" fields.

Capital Expenditure Pre-Approval Request Form

Description of the Anticipated Capital Expenditure

The first box is where the SFA is required to write a detailed description of the equipment item(s) to be purchased, an explanation of how the purchase of this equipment will benefit the food service program, and any additional information necessary to assist ADE in making an approval decision.

Description of the anticipated capital expenditure
All Capital Expenditures must comply with 2 CFR 200 and USDA Program regulations (7 CFR Part 210, Part 215, Part 220 and other federally funded programs), guidance, and instructions.



Capital Expenditure Pre-Approval Request Form

Total Cost of the Capital Expenditures

The second box is where the SFA will include the per-unit cost of the item and all acquisitions costs that are necessary to make the item usable for the purpose of the purchase. For example, installation fees and taxes.

- Please include the total amount that will be charged to the NSFSA.

Total costs of the capital expenditure, including any acquisition costs
Acquisition cost is the cost of the asset including the cost to put it in place. For example, the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.



Capital Expenditure Pre-Approval Request Form

Certifying the Form

Prior to completing the form, the SFA must read and certify that all information provided is true and all purchases are allowable for the NSFSA.

Please read and check the box next to each statement

- I certify that the above referenced capital expenditure is necessary and reasonable for proper and efficient performance and administration of the National School Lunch and Breakfast Programs
- I certify that the above referenced capital expenditure is allocable to the Federal award.
A cost is allocable to a cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.
- I certify that the above referenced capital expenditure is accorded consistent treatment.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.
- I certify that the above referenced capital expenditure is not included as a cost or used to meet cost sharing or matching requirements of any other Federal award.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.
- I certify that the above referenced capital expenditure is the net of all applicable credits.

Capital Expenditure Pre-Approval Request Form

Signing the Form

When requesting pre-approval, an authorized signer, as listed on your Food Program Permanent Service Agreement (FPPSA), must sign and date the *Capital Expenditure Pre-Approval Request Form*. Ensure that an authorized signer signs and dates only the first signature field; the bottom field should be left blank for your assigned HNS Specialist to sign for approval.

	<input type="text"/>	<input type="text"/>
	Signature of SFA Authorized Signer	Date
	<input type="text"/>	<input type="text"/>
	Signature of Authorized School Nutrition Programs Representative	Date

Submitting the Capital Expenditure Pre-Approval Request Form



Submitting the Capital Expenditure Pre-Approval Request Form

Authorized Signing

Once the *Capital Expenditure Pre-Approval Request Form* has been completed and signed, the SFA must then email their assigned HNS Specialist requesting approval and attach their completed *Capital Expenditure Pre-Approval Request Form* to the email.

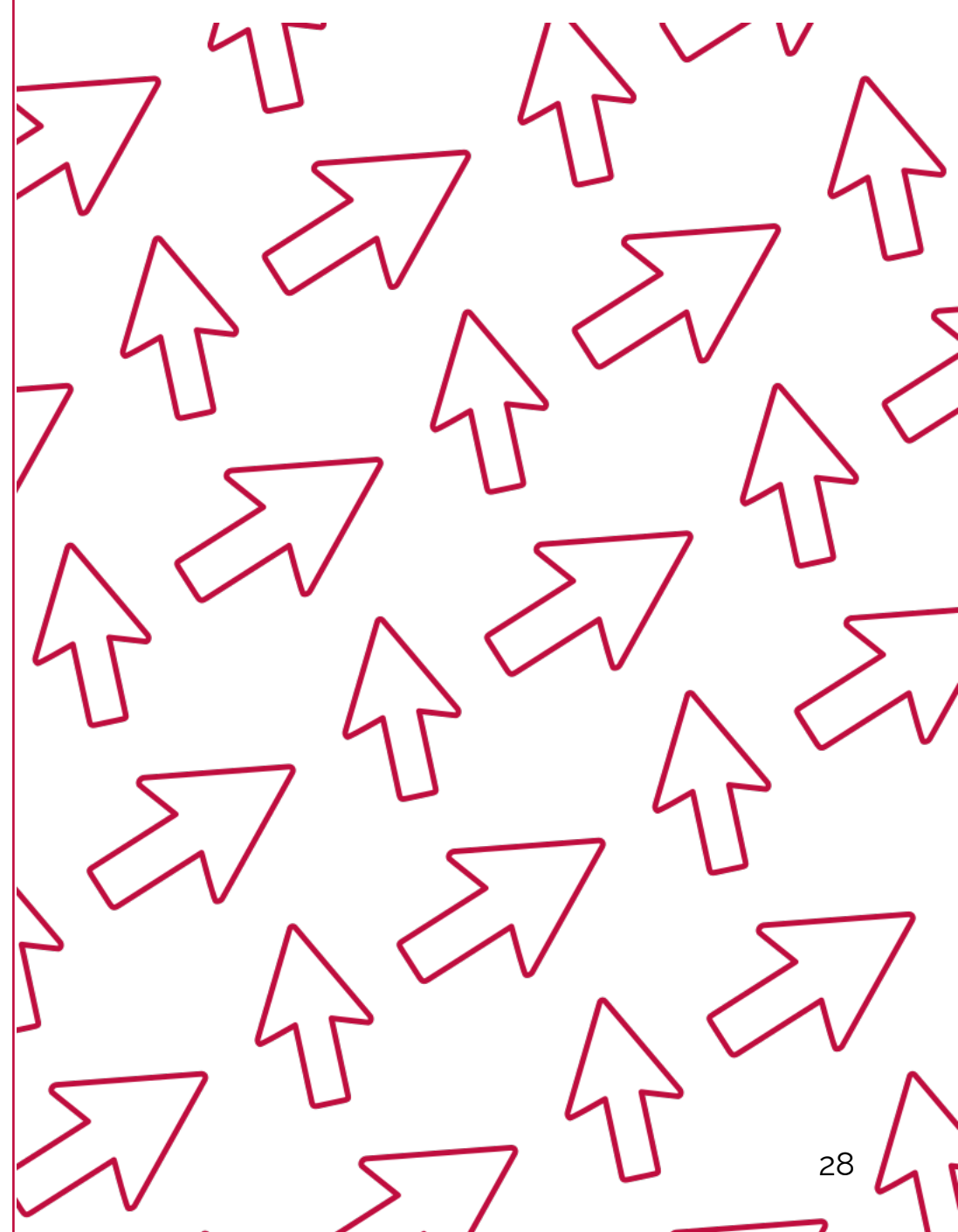
Submitting the Capital Expenditure Pre-Approval Request Form

Approval

Once the *Capital Expenditure Pre-Approval Request Form* has been approved by your assigned HNS Specialist, please keep this approval as well as any backup documentation utilized to support that the purchase of the capital expenditure was allowable. Keep this documentation on file for a minimum of five years. All documentation utilized to support the approval must be readily available as it may be requested during the Administrative Review.

Technical Assistance

If you have any questions about the Capital Equipment Pre-Approval Request Form, contact your HNS Specialist.



Congratulations

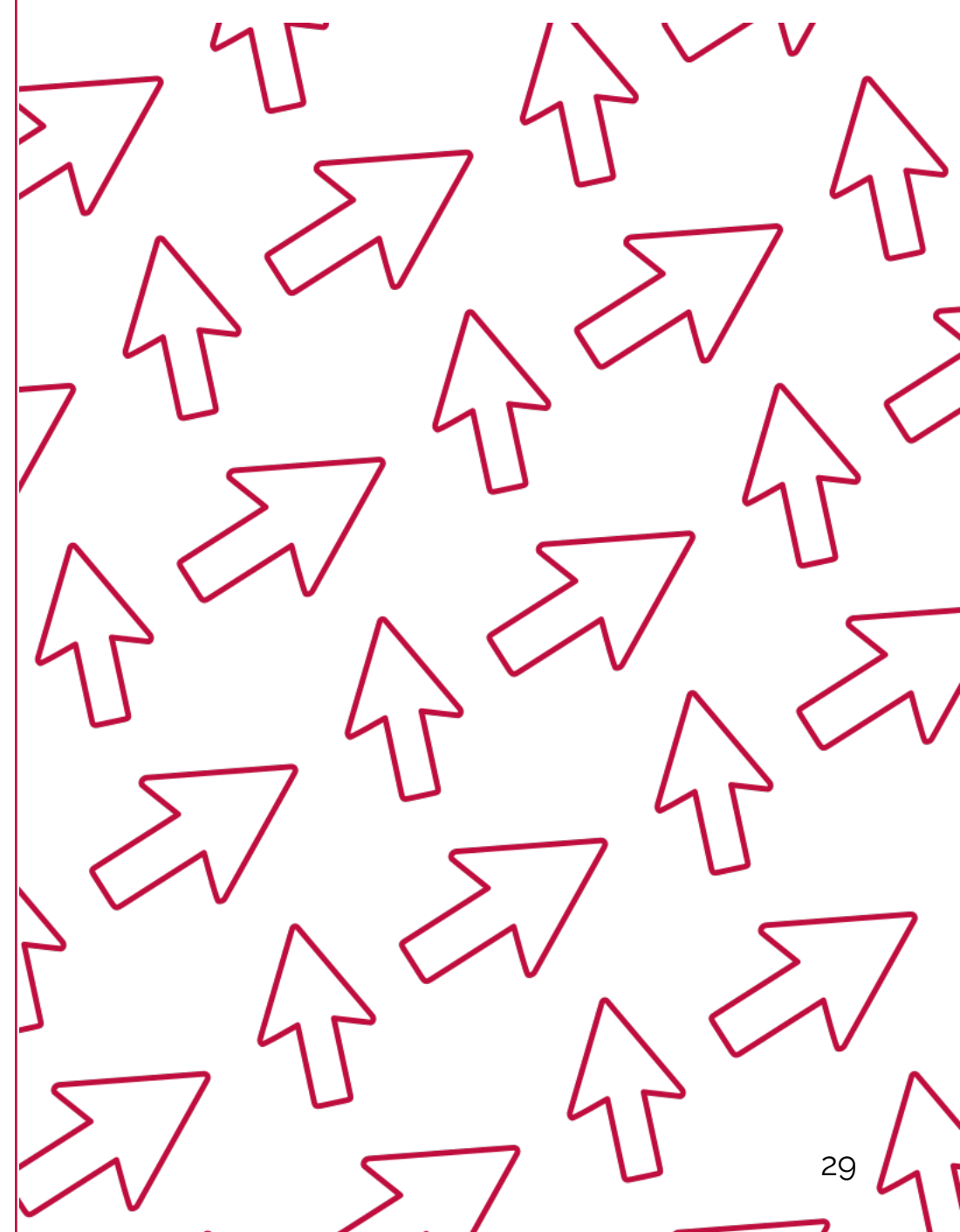
You have completed the Step-by-Step Instruction: ***How to Complete the Capital Expenditure Pre-Approval Request Form***

In order to count this training towards your Professional Standards training hours, the training content must align with your job duties.

Information to include when documenting this training for Professional Standards:

- **Training Title:** How to Complete the Capital Expenditure Pre-Approval Request Form
- **Learning Code:** 3360
- **Key Area:** 3000 – Administration
- **Length:** 15 minutes

Please note, attendees must document the amount of training hours indicated on the training despite the amount of time it takes to complete it.



Training Certificate

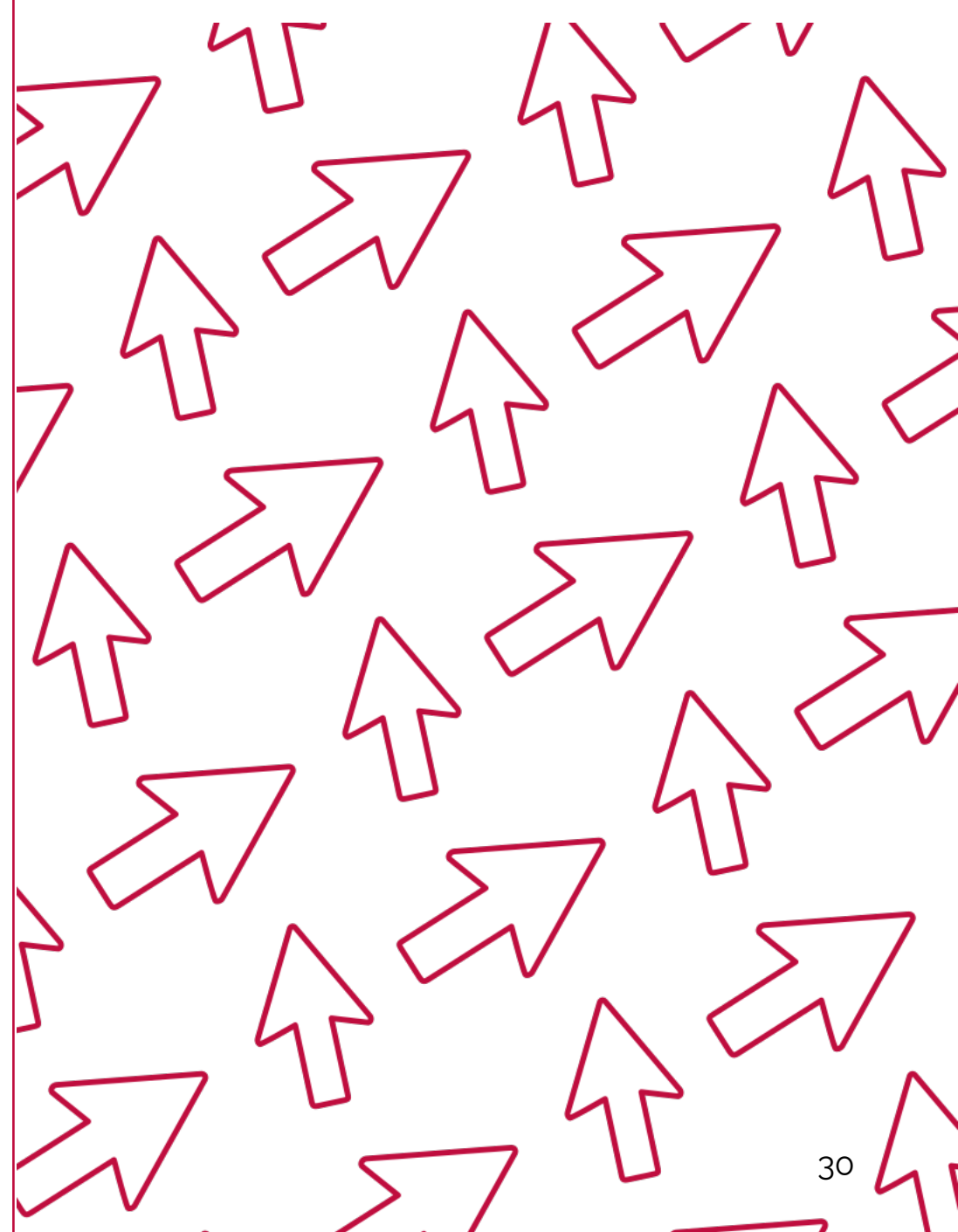
Please click on the link below to complete a brief survey about this training. Once the survey is complete, you will be able to print your certificate of completion from SurveyMonkey.

**This will not appear in your Event Management System (EMS) Account.*

<https://www.surveymonkey.com/r/OnlineHowToGuides>

The information below is for your reference when completing the survey:

- Training Title: **Step-by-Step Instruction: How to Complete the Capital Expenditure Pre-Approval Request Form**
- Professional Standards Learning Code: **3360**





In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at:

<https://www.usda.gov/sites/default/files/documents/USDA-OASCR%20P-Complaint-Form-0508-0002-508-11-28-17Fax2Mail.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

1. mail:

*U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or*

2. fax:

(833) 256-1665 or (202) 690-7442; or

3. email:

program.intake@usda.gov

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