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:

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

| Pre-Approval Equipment                        |  |
|----------------------------------------------|  |
| 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, Converyor or Impinger                  | Warmer, Countertop and Drawers |
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
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.
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.
Now that you have the *Capital Expenditure Pre-Approval Request Form* displayed, the first task is to complete the header displayed below.
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.
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.
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.

- 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.
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.
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
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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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