

Commissioner's Memo
1/6/2021

Prior Approval Process for School Food Authority (SFA) Equipment Purchases

Memo Information

Memo Number **CNU-21-012**

Memo Date 1/6/2021

Memo Type Informational

Unit Child Nutrition

Regulatory Authority SP 39-2016

Response Required NO

Attention Superintendents; Principals; General Business Managers; Child Nutrition Directors/Managers

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Memo Text

2 CFR 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS, Part 439 (Equipment and other capital expenditures) requires that a School Food Authority (SFA) obtain prior written approval from the State Agency (SA - Child Nutrition Unit (CNU), Division of Elementary and Secondary Education, Arkansas Department of Education) before incurring the cost of a capital expenditure, including equipment. According to 2 CFR 200.33, equipment means tangible personal 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 lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

Any equipment purchase valued under \$5,000 must follow proper federal, state, or local procurement policies, as applicable, without submitting a prior written request to CNU for approval.

Any equipment purchase valued above \$5,000 that is included on the Arkansas Approved Equipment List will receive automatic SA approval. Therefore, the SFA may purchase those equipment items, following proper federal, state, or local procurement policies, as applicable, without submitting a prior written request to CNU for approval.

Any equipment purchase valued over \$5,000 that is NOT on the Arkansas Approved Equipment List, must have written approval before purchase. The district must submit a written request for approval to the CNU Director, prior to purchasing the item. Please use the attached Prior Approval Equipment Request Form.

If the SFA chooses to use sole source purchasing for ANY equipment purchase (including those on the pre-approved list and those under \$5,000), the district must submit a written request for approval to the CNU Director prior to purchasing the item. Sole source purchasing, in the Child Nutrition Program, occurs when the goods or services are available from only one manufacturer and through only one distributor or supplier. In a sole source purchase, the SFA must first obtain CNU approval, and then go directly to the sole source provider to negotiate terms, conditions, and prices. See attached Equipment Purchase Flow Chart and Prior Approval Equipment Request Form for more information.

During local administrative reviews and audits, CNU must ensure appropriate equipment purchases were made based on the Arkansas Approved Equipment List or the prior approval process. Any equipment purchases of \$5,000 or more that are identified as not being listed on the Arkansas Approved Equipment List or not having received prior written approval will be considered an unallowable expense for the Child Nutrition Program and must be paid with some other funds than the non-profit food service account.

This memo does not apply to the Fresh Fruit and Vegetable Program (FFVP) equipment purchases. Schools participating in the FFVP wishing to make equipment purchases should contact the FFVP Coordinator with questions.

If you have any questions, please contact your Area Specialist at 501-324-9502.

Attachments

- [Arkansas_Approved_Equipment_List_113713.pdf](#)
- [Equipment_Purchase_flow_chart_113720.pdf](#)
- [Prior_Approval_Equipment_Request_Form_113727.pdf](#)
- [SP39_CACFP11_SFSP13_2016os_113735.pdf](#)