Equipment Guidance for CNP Managers

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New Managers' Training
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ALSDE CNP School Programs
2CFR § 200.313 - Equipment.

(a) Title. Subject to the requirements and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further responsibility to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c), and (e) of this section.

(b) General. A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.

(1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. The Federal awarding agency may require the submission of the applicable common form for equipment. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then

(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in § 200.307 to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(c) Use. (1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property withit the Federal awarding agency or pass-through entity.

(2) Except as provided in § 200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of $5,000 may be retained by the non-Federal entity without further responsibility to the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Adequate maintenance procedures must be developed to keep the property in good condition.

(d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(e) Disposition. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, the non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.

(2) Except as provided in § 200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of $5,000 may be transferred to the Federal Government or to an eligible third party. When no longer needed for the purposes of the project for which it was acquired, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share more than $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.
Understanding Commercial Equipment

1. Food Quality
2. Food Safety
3. Workplace Safety
4. Choosing the right equipment
Kitchen Design
NOTE:
It is important to become knowledgeable about each piece of equipment.

- How does it operate?
- What is it used for each day?
- Work simplification!
- Reach out to staff for input on ease of use and cleanup.
GAS: Natural or Propane: Select a piece of equipment that is designed to work with the fuel available in your kitchen. Because propane has a higher BTU (British Thermal Unit) to measure the amount of heat necessary than natural gas it is important to understand what is needed in your kitchen.

AMPS-VOLTS-WATTS

• AMPS: Amps measure electric currents. Always confirm that your circuits will be able to manage any new appliances you want to connect. If you overload your circuits, you could start a fire.

• VOLTS: Volts make amps flow. Voltage is the term to describe the force or pressure that causes electricity to flow. When installing a new piece of equipment, you'll need to consider its voltage requirement, rated amp draw, and plug configuration. Most heavy-duty appliances in commercial kitchens have 208- or 240- volt supplies. This creates more watts per amp as opposed to standard 120-volt equipment.

• WATTS: Wattage in Cooking Equipment. The last piece to understand is wattage, because when amps and volts combine, they result in watts. The higher the wattage, the more output and power.
What will help increase the life of equipment?

• Create an Annual Preventative Maintenance Plan.
• Keep equipment clean! Create weekly and monthly cleaning schedules.
• Take care of the equipment.
Budget Planning for Equipment

• It is recommended that each district develop a five-year equipment replacement plan for the school district.

• Review your plan every summer after inventory and include replacement equipment in your budget.

• If Fixed Asset Equipment Request is required submit it to ALSDE at the same time as your budget in September.
Bid Requirements

• Follow the federal procurement regulations – 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

• Manufacturer representatives, food service equipment dealer staff and anyone associated with a potential vendor may not write a specification for CNP if they wish to provide a price quote or bid pricing for the School Food Authority.
Pre-approved Equipment List

### CNP CAPITAL EQUIPMENT

**PRE-APPROVED LIST**

ALSDE has pre-approved the equipment listed below. A SFA may purchase these items, following competitive Federal, State, or local procurement procedures, as applicable, without submitting an application to ALSDE. For any capital equipment expenditure of $5,000 or more not included on the pre-approved list, please contact CNP School Programs at ALSDE for guidance. SFAs must consult with the local Chief School Financial Officer to determine a suitable budget for Child Nutrition. Any equipment replacements made prior to implementation of this policy shall not be considered as eligible. If operations or capital improvements are made prior to the approval, the additional expenses incurred shall be the SFA’s responsibility.

**Equipment Guidance**

**APPROVED SCHOOL FOOD SERVICE CAPITAL EQUIPMENT**

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<tr>
<th>Equipment Type</th>
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<td>Food Preparation Equipment</td>
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<td>Hood/Plumbing Cabinets</td>
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<td>Microwave Ovens</td>
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<td>Refrigerators</td>
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<td>Commercial Kitchens</td>
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<td>Commercial Refrigeration</td>
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<td>Equipment</td>
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<td>Breakfast Serving Carts</td>
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<td>Food Storage Equiments</td>
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<td>Dry Storage</td>
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<td>Cold Storage</td>
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**Food Service Equipment Scopes**

- Tanks for Milk in Freezer and Refrigerator
- Reach-in Refrigerators and Freezers
- Display Cases and Obsidian Proofers
- Generators

**Packaging**

- Storage racks for dry and refrigerated storage
- Toaster Overhead Vacuum Packaging Systems
- Toaster Oven
- Dough Presses
- Multi and Cookie Depositors
- Convoyor system

**Central Purposes Equipment Scopes**

- Office Furniture
- HVAC systems for kitchen

**BACKGROUND**

USDAs 7 CFR 215.11 defines "capital equipment" as tangible personal property (including information technology systems) having a useful life of more than one year and a cost of $5,000 or more, which is acquired in any fiscal year or which is added to the capitalization or capitalized cost totals. The School Food Authority (SFA) is the entity responsible for deciding which capital equipment expenditures are eligible for federal funding.

On March 31, 2016, the USDA issued Policy Memorandum SP 31-14: State Agency Prior Approval Process for School Food Authority Funded Purchases. This policy requires SFAs to develop an approved list of equipment for which purchases are eligible for federal funding. The approved list is to be reviewed annually by the SFA and updated as necessary.
Permission to procure/purchase:

- Check your budget and check with your CSFO.

Check the Pre-Approved Equipment List or submit Fixed Asset Equipment Request Form for equipment over $5,000.

- Approval letters will be provided for CNP/CSFO files.
- Submit annually in September with budget.
FY2023 Equipment Assistance Grant

ALSDE Child Nutrition Program has been allocated (FY22 $464,930) to competitively award subgrants to local educational agencies and schools to purchase equipment.

- The goals of this grant are to:
  1. Serve healthier meals
  2. Improve food safety and
  3. Help support the establishment, maintenance, or expansion of the school meals participation.

All SFAs are eligible. However, priority will be given to individual schools where 50 percent of the students are eligible for free or reduced-priced meals.

Funds can only be used to purchase equipment identified on the application awarded.

Grant applications should be submitted by Nov. 1st.

Schools who have not received a previous grant will get 10 bonus points!
When purchasing replacement equipment, the SFA may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment. All funds generated from the sale of equipment must go into the Child Nutrition Program account.

6. MANAGEMENT: Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a CNP agreement or grant, until disposal takes place will, as a minimum, meet the following requirements:
   a. Equipment records must be maintained that include:
      - description of the equipment
      - serial number or other identification number
      - the source of funding for the equipment
      - school who holds title
      - acquisition date
      - cost of the equipment
      - percentage of Federal participation in the project costs
      - project costs mean total allowable costs incurred under a Federal sharing and voluntary committed cost sharing, including third party insurance costs incurred by general fund for building improvements.
      - the location, use and condition of the equipment
      - any other information that includes the date of disposal.
   b. A physical inventory of the equipment must be taken annually and equipment records and submitted to ALDOE accounting at the close of the fiscal year.
   c. A control system must be developed to ensure adequate safeguarding of the equipment. Any loss, theft, or damage must be investigated. The investigation must be retained for three years.
   d. Adequate maintenance procedures must be developed to keep the equipment in running order.
   e. The SFA must ensure that all equipment, proper procedures, and records ensure the highest possible return.

- SPA must determine the fair market value of equipment by attaining a reasonable and honest appraisal.
- Equipment with a current par unit fair market value of $5,000 or less may be retained, sold, or otherwise disposed of and any funds generated go back to the CNP account.
- Equipment with a current per-unit fair market value in excess of $5,000 may be retained by the SFA or sold.
- If the equipment is sold, the SFA may deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. Records should be retained for three years after the sale.
- If the equipment is sold, the SFA must ensure that any funds generated must go back into the Child Nutrition Program account.
- The SFA may transfer title to the equipment to the Federal Government or to an eligible third party that, in such cases, the SFA Child Nutrition Program must be entitled to compensation for its attributable percentage of the current fair market value of the equipment. Records should be retained for three years after the transfer/call.
- In cases where a SFA fails to take appropriate disposition actions, the ALDOE may direct the SFA to take disposition actions.
Disposal of Surplus Equipment

• Revenue earned for disposal of Food Service Equipment must be deposited into the CNP account by cost center, if applicable.

• Guidance for Disposal of Food Service Equipment – is included in equipment guidance discussed earlier.

Remember that the equipment is a fixed asset and inventory with location or disposal will be required to be maintained per the federal records requirements.
Inventory small food service equipment, such as steamtable pans, storage containers, serving utensils, knives, trays etc., once a year to determine purchase replacement needs for production and service for each school.
Can you give away or donate equipment?
Typically, the answer is NO.
Food service equipment may not be donated or given away.

**2 CFR § 200.313 (e)(4)** non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

However, it may be donated to another federal program in the school district when no longer needed or used by CNP, however, the SFA is entitled to a percentage of the fair market value of the property.

Follow the disposal guidance from the ALSDE 2021
Can you purchase a new hood without ALSDE approval?
No, purchasing a new hood would require ALSDE approval.

Food service equipment that has an impact on the building must be approved by the ALSDE CNP Director. The state architect must also be contacted for questions related to structural requirements and building design.
Can you purchase a new Walk-In Freezer or Cooler without ALSDE approval?
No, you cannot buy a new walk-in freezer or cooler without permission.

Purchasing would require ALSDE approval.
USDA Non-Discrimination Statement

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.

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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: USDA Program Discrimination Complaint Form 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; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.

*This language was added pursuant to the May 5, 2022, USDA memorandum. However, the inclusion and applicability of this language is currently under challenge in the matter of The State of Tennessee, et al. v. USDA, et al., Case No. 3:22-cv-00257, and may be subject to change.
Ask Us