Unexpended Plant Fund Policy

I. Purpose
To provide guidelines for the establishment, funding, and management of Unexpended Plant Fund Projects.

II. Definitions
• **Unexpended plant fund project** – an account set up specifically to track the funding and expenses of a construction, renovation, repair, replacement, major equipment purchase or fabricated equipment project meeting the criteria of project scope, legislative authority and availability of funds.
• **WBS element** – A cost object in SAP where revenues and expenses for an unexpended plant fund project are recorded.

III. Responsibilities
A. Department
1. Submit project establishment form to Physical Plant Division (PPD), Medical Center Physical Plant Division (MCPPD), Capital Projects Management Division (CPMD) or Communications.
2. Create journal voucher to fund project.
3. Clear any overdrafts.
4. Reconcile ledgers.
B. Area Fiscal Officer
1. Approve capital project requests.
2. Oversee capital projects for overdrafts.
C. PPD/MCPPD/CPMD/Communications
1. Approve and submit project establishment forms to General Accounting.
2. Approve and submit project budget/scope, as well as increases, to General Accounting.
3. Notify General Accounting of project completions within 90 days of beneficial occupancy.
4. Update project attributes annually (i.e.- Project Status & Construction in process codes, Completion date).
D. General Accounting
1. Post project budget/scope as determined by PPD, MCPPD, CPMD or Communications.
2. Monitor and manage the unexpended plant fund projects.
3. Notify departments of overdrafts.
4. Post transfer and expense journal vouchers.
5. Submit capital expense reimbursement requests to the state.
6. Close projects and return any excess funds to original funding source.

IV. Policy
Establish unexpended plant fund projects for:
A. All construction, renovation, repair, and replacement projects estimated to be $100,000 or more;
B. All construction, renovation, repair, and replacement projects funded by special state appropriations (e.g. deferred maintenance pools, state grants) and related matching funds, regardless of scope, for renovations of less than $100,000 (see BPM E-3-2); and
C. All major equipment purchases when an individual item costs $200,000 or more.
(Purchase equipment costing less than $200,000 per item on departmental cost centers.)

Revision Date: June 1, 2012
V. Procedures

A. Establishment of cost object
   1. Complete the following forms for all projects and major equipment:
      a. A Project Establishment Form indicating the total scope and sources of funding
         for the project.
         - General Accounting will set up the project budget in SAP based on the PPD,
           MCPPD, or Communications official estimate.
      b. A parked journal voucher using SAP transaction code FV50 to transfer necessary
         funds to the project.
         - Park as complete journal vouchers funding existing projects for posting by
           General Accounting.
         - When creating journal vouchers for new projects, the department will not
           know the WBS element number; therefore, these journal vouchers can be
           parked only. General Accounting will complete the journal voucher and post
           after the WBS element has been created.
   2. The appropriate area fiscal officer must approve the forms.
   3. Once approved, submit project forms to the appropriate facilities management
      division as described below
      a. Construction or renovation projects estimated at between $100,000 and
         $599,999 to either MCPPD or PPD, depending on the location of the building.
      b. Construction or renovation projects estimated at $600,000 or above, regardless
         of funding source, to CPMD. These projects require Board of Trustees and
         legislative approval.
      c. Projects established for the purchase of major equipment items ($200,000 or
         more for a single item) to General Accounting. Major equipment purchases
         require Board of Trustees and Legislative approval.
      d. Projects established for Communications work to the Communications
         department.
   4. The division office will forward the forms to General Accounting after attaching their
      estimate and approving the forms.
   5. Increases to the original project scope or cost estimate must be approved (including
      Board of Trustees and legislative authorization, if necessary) and funded prior to the
      start of the additional work.

B. Funding
   1. Fully fund each project at the time the project WBS element is established and do
      not incur expenses until a project budget has been established and sufficient funding
      is available in the unexpended plant fund WBS element.
   2. Cash overdrafts are not permitted. If they are not cleared on a timely basis, General
      Accounting Department will initiate the necessary actions to clear the overdraft to
      the appropriate cost center:
      a. Overdrafts on projects will be charged to the original funding cost center if funds
         are available. If the overdraft exceeds funds available in the cost center, the
         major area unrestricted renovation reserve cost center will be charged.
      b. Overdrafts on projects approved for exceptions to the full funding requirement
         will be charged to the cost center provided in the exception request.
   3. Projects with frequent cash overdrafts may be blocked (i.e. no transactions
      processed) until a fully revised budget is provided with additional funding sources
      identified by the area fiscal officer.
4. Design and construction phases may be funded separately with the prior approval of
the director of the appropriate facilities division. When separate funding is approved,
the design phase must be funded at an amount determined by the Director when
the WBS element is established. The construction phase must be fully funded prior
to advertising for bids.

5. The area fiscal officer must make requests for exceptions to funding requirements
for either the design or the construction phases in writing and submit to the
Treasurer through the appropriate Facilities Director. The request must:
   a. Explain the reason for the exception request.
   b. Provide a cost center number to be charged in the event of a cash overdraft.
   c. Have the approval of the President, Provost, Executive Vice President for Finance
      and Administration, Executive Vice President for Health Affairs, or Vice President
      for Research, as appropriate.

6. For projects funded partially or wholly by pledges of private gifts:
   a. The President or the Executive Vice President for Finance and Administration
      must approve in advance.
   b. If the project is to proceed before the fulfillment of pledges, the department
      must provide the advance funding as a current transfer to the project, preferably
      from discretionary funds. As pledges are received, the original funding source
      will be reimbursed.
   c. General Accounting will return funding in excess of final project expenses to the
      original funding source.
   d. Exceptions to the requirement of full funding must follow procedures stated
      above (B.5).

C. Closing Unexpended Plant Fund Projects
   1. When work on a project is complete and all billings processed, the facilities
      management division responsible for the project must notify General Accounting
      to close the plant fund project.
   2. When purchases on an equipment project are complete, the department responsible
      for the project must notify General Accounting to close the plant fund WBS element.
   3. Balances remaining in plant fund projects after all costs have been posted will be
      returned to the original funding sources:
      a. For projects funded by University current unrestricted funds, an affiliated
         corporation, auxiliary or restricted funds, General Accounting will return balances
         the original funding source.
      b. For projects, funded by bonds, state appropriations, or other special pools,
         General Accounting will return balances to the appropriate central clearing cost
         center.

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