

**Purpose:**

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

**Policy:**

Unexpended Plant Fund WBS elements shall be established for:

- all construction, renovation, repair, and replacement projects estimated to be \$100,000 or more;
- 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 E-3-2; and
- all major equipment purchases when an individual item costs \$200,000 or more - equipment costing less than \$200,000 per item should be purchased on departmental cost centers.

**Procedures:**

1. Establishment:

- a. Three forms shall be completed for all projects and major items of equipment as follows:
  - 1) Project Request Form (<http://www.uky.edu/eForms/forms/ProjectRequestForm-iris.pdf>) shall be completed for all projects and for major items of equipment and shall indicate the total scope and sources of funding for the project;
  - 2) Capital Budget Form (<http://www.uky.edu/eForms/forms/CapitalBudgetForm-iris.pdf>) shall be completed to establish the budget for the project.
  - 3) A journal voucher shall be completed using IRIS transaction code FV50 to transfer necessary funds to the project. Journal vouchers funding existing projects shall be completed and parked by the department for posting by General Accounting. When journal vouchers for new projects are created, the department will not know the WBS element number; therefore, these journal vouchers should be saved only. General Accounting will complete the journal voucher and post after the WBS element has been created.
- b. Forms shall be approved by the appropriate area fiscal officer.
- c. Once approved, project forms shall be submitted to the appropriate facilities management division as described below. The division office will forward the forms to the Office of the Treasurer:
  - 1) Projects estimated at between \$100,000 and \$599,999 should be submitted to either the Medical Center Physical Plant Division (MCPD) or campus Physical Plant Division (PPD), depending on the building where the work is being done.
  - 2) All projects requiring Board of Trustees and legislative authorization (\$600,000 and above regardless of fund source) shall be managed by the Capital Projects Management Division (CPMD).
- d. Increases to the original project scope or cost estimate shall be approved (including Board of Trustees and legislative authorization, as necessary) and funded prior to any additional work taking place.

2. Funding:

- a. Each project shall be fully funded at the time the WBS element is established. Expenditures/ encumbrances shall not be processed until a project budget has been established and sufficient funding is available in the Unexpended Plant Fund WBS element.
- b. Cash overdrafts are not permitted. It is the responsibility of each area fiscal officer to immediately clear cash overdrafts and to provide necessary additional funding to complete the project. Revised

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budgets, if necessary, shall accompany the funding documents. Cash overdrafts not cleared on a timely basis will result in the General Accounting Department initiating the necessary actions to clear the overdraft to appropriate “default” cost centers:

- 1) Projects initially funded by University unrestricted general funds shall be charged to the major area unrestricted renovation reserve cost center.
  - 2) Projects initially funded by other UK fund groups or the affiliated corporations shall 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 shall be charged.
  - 3) Projects that were approved for exceptions to the full funding requirement shall be charged to the cost center provided in the exception request.
- c. 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 major area Fiscal Officer. Documents for the revised budget and additional funding sources shall be sent to General Accounting.
- d. Design and construction phases may be funded separately with the approval of the director of the appropriate facilities division. When separate funding is approved, the design phase shall be funded at an amount determined by the Director when the WBS element is established. The construction phase shall be fully funded prior to advertising for bids.
- e. Requests for exceptions to funding requirements for either the design or construction phases should be made in writing by the area fiscal officer and submitted to the Treasurer through the appropriate Facilities Director. The request should:
- 1) explain the reason for the exception request,
  - 2) provide a cost center number to be charged in the event of a cash overdraft, and
  - 3) have the approval of the President, Provost, Executive Vice President for Finance and Administration, Executive Vice President for Health Affairs, or Executive Vice President for Research, as appropriate.
- f. Requests for exceptions to full funding of capital equipment acquisition WBS elements should be made in writing by the area fiscal officer, stating the reason for the request and providing a cost center to be charged in the event of a cash overdraft. The request should be submitted to the Treasurer for approval. Alternatively, an internal loan may be requested in accordance with the Internal Loan Policy.
- g. For projects funded partially or wholly by pledges of private gifts:
- 1) Advance approval shall be received from the President or the Executive Vice President for Finance and Administration.
  - 2) If the project is to proceed before pledges are fulfilled, the major area shall provide the advance funding as a current transfer to the project, preferably from discretionary funds. As pledges are received, the original funding source shall be reimbursed. Alternatively, an internal loan may be requested in accordance with the Internal Loan Policy.
  - 3) Funding amounts in excess of final project expenditures shall be returned to the original funding sources.
  - 4) Exceptions to the requirement of full funding shall follow procedures stated above (2d).
  - 5) If an alternative fund source is not available, the department may request an internal loan in accordance with the Internal Loan Policy

**3. Management**

Monthly reports prepared by the Office of the Treasurer for the Executive Vice President for Finance and Administration and the major area Fiscal Officers include:

- a. Report of all projects, by division and department within each major area
- b. Report of projects funded for less than 100% of approved scope

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- c. Report on projects exceeding the approved scope – these reports shall also be provided to the following, as appropriate:
    - 1) Capital Projects Management Division (CPMD)
    - 2) Communications and Network Systems (CNS)
    - 3) Physical Plant Division (PPD)
    - 4) Medical Center Physical Plant Division (MCPPD)
    - 5) Vice President for Facilities ManagementIt is the joint responsibility of CPMD, CNS, PPD, MCPPD, and each area fiscal officer as appropriate, to resolve on a timely basis all issues of projects exceeding scope.
  - d. Report of projects with cash overdrafts (see 2b above)
4. Closing Plant Fund Projects
- a. When work on a project or major equipment purchase has been completed and all billings have been processed, the division responsible for the project should notify the Plant Fund Accountant that the plant fund WBS element should be closed.
  - b. Balances remaining in plant fund WBS elements after all costs have been posted shall be returned to the original funding sources:
    - 1) For projects funded by University current unrestricted funds, balances shall be returned to the appropriate area's unrestricted renovation reserve cost center.
    - 2) For projects funded by an affiliated corporation, auxiliary or restricted funds, balances shall be returned to the original funding source.
    - 3) For projects, funded by bonds, state appropriations, or other special pools, balances shall be returned to the appropriate central clearing WBS element.