

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. Reconciliation of 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 [Accounting and Financial Reporting Services](#) 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. Accounting and Financial Reporting Services
 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.)

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.
 - Accounting and Financial Reporting Services 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 Accounting and Financial Reporting Services.
 - 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. Projects estimated at \$1,000,000 or above 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 Accounting and Financial Reporting Services 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, Accounting and Financial Reporting Services 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.

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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. Accounting and Financial Reporting Services 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 [Accounting and Financial Reporting Services](#) to close the plant fund project.
 2. When purchases on an equipment project are complete, the department responsible for the project must notify [Accounting and Financial Reporting Services](#) 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, Accounting and Financial Reporting Services will return balances the original funding source.
 - b. For projects, funded by bonds, state appropriations, or other special pools, Accounting and Financial Reporting Services will return balances to the appropriate central clearing cost center.