Standard Operating Procedure for University Planning & Implementation (UPI) Capital Improvement (CI) Projects

Purpose
This standard operating procedure addresses the creation, funding and other activity of UPI CI cost centers.

Policy
UPI provides services to departments across campus for capital improvements (cost centers with a project of UM2xxxxxx). Services provided include installation, maintenance and repairs. The Financial Accounting and Reporting Manual (FARM) for Higher Education states in Section 342.17 that "The operation and maintenance of plant category includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution’s physical plant. They include expenses normally incurred for such items as... repairs and ordinary or normal alterations of buildings, furniture, and equipment; ... maintenance and operation of buildings”. These findings indicate that expenses related to CI projects should be reported under the Operation and Maintenance of Plant function.

Procedure
I. Transition Period
Effective 03-Jan-2006 new CI cost centers will be managed by UPI. Expenditures will be posted through the Project Accounting (PA) module where cost center task segments are utilized.

CI cost centers with project UM280xxxx created prior to 03-Jan-2006 and still active on that date will continue to be managed by Facilities Management and processed through the General Ledger (GL) and the SOP for Facilities Management Capital Improvement Accounts with the latest update date of 09-Nov-2005 is still applicable. Facilities Management and UPI will work together to move any such CI cost centers from GL to PA should they still be active at 30-Jun-2006. The Residence & Dining Hall auxiliary (R&DH) CI cost centers with project UM20xxxx will be transitioned in a similar manner.

II. Creation
A. Capital Improvement Setup Sheet
Initiate the creation of a CI cost center by sending a completed Capital Improvement Setup Sheet to General Accounting. Use the Auxiliary Capital Improvement Setup Sheet when applicable.

1. Attach a Journal Entry Form
   If the funding source is internal you must attach a Journal Entry Form (Accounting Correction), which is addressed in III.A.

2. Attach a Check Copy
   If the funding source is external, attach a copy of the check received for funding, which is addressed in III.B. Request that the Capital Improvement Setup Sheet be processed EXPEDITIOUSLY to facilitate a timely deposit.
At the same time the CI cost center project segment is created in FMS, a budget will also be created in the PA module.

B. Organization Segments
   1. 29010 (EXCEPT for R&DH)
   2. 20600 (R&DH)

C. Project Segments
   1. UM280xxxx (in combination with 010.0000.29010)
   2. UM206xxxx (in combination with 030.1000.20600)

III. Funding
   A. Internal Funding Source
      1. Journal Entry Form
         Use a Journal Entry form to “fund” a CI cost center internally. This activity will be posted to GL only and therefore a task segment is not used in the cost center. There is an exception for debits to restricted cost centers, in that the task segment and entry into the PA module IS required. (see III.A.2.b.).

      2. Natural Accounts
         Use natural account codes as outlined below.
         a. Between Unrestricted and Unrestricted (fund type 010 or 03X)
            Debit – 983402 (in the departmental cost center)
            Credit – 983401 (in the CI cost center)
         b. Between Unrestricted and Restricted (fund type 010 or 03X and 020 or 04X)
            Debit – 611000 (in the grant cost center; use task; enter into PA)
            Credit – 999901 (in the CI cost center)
         c. Between Unrestricted and Ohio University Foundation
            (fund type 010 or 03X and 100 or 130)
            Debit – 611000 (in the foundation cost center)
            Credit – 040596 (in the CI cost center)
         d. Between Unrestricted and Student Organizations
            (fund type 010 or 03X and 080.8000)
            Debit – 611000 (in the student organization cost center)
            Credit – 040596 (in the CI cost center)

   B. External Funding Source
      Funding may be received from an external source, such as an Innovation Center tenant.
      1. Ohio University Deposit Form
         Use an Ohio University Deposit Form with Revenue Natural Account 040596 to deposit checks received from an external entity to “fund” a CI cost center. This activity will be posted to GL only and therefore a task segment is not used in the cost center.
2. Rebill Accounts

Usually a rebill account will not be used to book funding to, or refunding from, a CI cost center. A check will be received from the funding source and any refund to the funding source will be made by check.

IV. Expenditures

Post expenditures in the PA module, utilizing cost center task segments.

A. Interfaces

If a cost center that is identified in the PA module is missing a task segment, the interface will kick it out.

B. Internal Billings

Internal billings submitted as Excel files must segregate CI cost centers in their own Excel worksheet. These internal billings can not be uploaded but will be manually entered into the PA module. Data entry in the PA module is via Miscellaneous Transaction.

C. Pcard Imports

If a cost center that is identified in the PA module is missing a task segment, the import will kick it out.

D. Requisitions and Direct Payments

These documents are initiated by Project Managers who must route the documents to the UPI Business Manager for review and signature. During data entry, if a cost center that is identified in the PA module, is missing a task segment, it will kick out.

E. Telephone Service

One time only phone charges for installation, as part of a renovation, is allowable on CI cost centers. Ongoing phone charges are not.

V. End of Month

Each month is closed in the PA module on the first business day of the new month (during the morning). On that day Accounts Payable does not enter transactions against cost centers with task segments.

VI. Refund Residual Balance

At the end of a CI project, even if it crosses fiscal years, UPI will refund a residual balance, if any, back to the original funding source.

A. Refund an Internal Funding Source

1. Journal Entry Form

Use a Journal Entry form to “refund” an internal funding source. This activity will be posted to GL only and therefore a task segment is not used in the cost center. There is an exception for credits to restricted cost centers, in that the task segment and entry into the PA module IS required. (see VI.A.2.b.).

2. Natural Accounts

Use natural account codes as outlined below:

a. Between Unrestricted and Unrestricted (fund type 010 or 03X)
   
   Debit – 983401 (in the CI cost center)
   Credit – 983402 (in the departmental cost center)
b. Between Unrestricted and Restricted (fund type 010 or 03X and 020 or 04X)
   Debit – 999901 (in the CI cost center)
   Credit – 611000 (in the grant cost center; use task; enter into PA)

c. Between Unrestricted and Ohio University Foundation
   (fund type 010 or 03X and 100 or 130)
   Debit – 040596 (in the CI cost center)
   Credit – 611000 (in the foundation cost center)

d. Between Unrestricted and Student Organizations
   (fund type 010 or 03X and 080.8000)
   Debit – 040596 (in the CI cost center)
   Credit – 611000 (in the student organization cost center)

B. Refund An External Funding Source

1. Direct Payment Form
   Use a Direct Payment form to “refund” an external funding source. Use revenue
   natural account 040596. This activity will be posted to GL only and therefore a
   task segment is not used in the cost center.

VII. Reduce The Budget

After the final expenditure activity has posted to the PA module, UPI must send General
Accounting an updated Capital Improvement Setup Sheet to reduce the project budget in
the appropriate task to the amount of the actual expenditures. The available balance in
the PA module must agree with the actual available balance in GL.

VIII. Close a CI Cost Center

UPI must notify General Accounting to end-date the cost center project segment. This
should occur after the refund (if any) has been posted to GL and after the CI project
budget has been reduced.

IX. Associated Standard Operating Procedures

- Carryforward Load and Spending

If there is an activity that isn’t addressed anywhere above, and you think it should be, then please
email a detailed description to haehl@ohio.edu for review. This SOP is subject to change.

Internal SOP originated:  31-Mar-2004

Latest update:         07-May-2014