

TEMPLE UNIVERSITY A Commonwealth University	CONTROLLER'S OFFICE MANUAL	Number: CP18.3
Title: <i>Accounting for CER capital funds</i>		Submitted By: M.F. Murphy
Effective Date: 01-26-2005	Supersedes: - - - - -	Approved By:
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Policy:

This policy will formalize the process of encumbering (via a journal entry transfer) funds proposed on Board approved CER (Capital Expenditure Request) projects for construction projects. When construction projects are approved by the FM (Facilities Management Committee) or the Board of Trustees, the proposed funds will be transferred to a dedicated funding center. The centers will reside in the 83 fund under the stewardship of the submitting department.

Purpose:

Currently, capital projects are commingled among the regular operating transactions of a department and this poses capitalization, funding and reporting difficulties. Isolating the encumbered funds and direct charging expenditure transactions of the project will aid in increasing the reporting accuracy, ensure there are available funds, reduce the need for journal entry transactions and greatly enhance capitalization accuracy.

Scope:

All approved CER construction projects.

Responsibility:

The responsibility of keeping the project on budget lies with the submitter of the CER. However, any deficits in the center will be brought to the attention of the submitter in the month following the incurrence of the deficit for resolution.

Procedures:

Property Accounting will receive a copy of the approved CER projects and review for capitalization. The project type and scope of work will determine the course of action as specified in the below matrix:

Project category	Property Accounting action
The CER funding is fully funded out of the Plant Development Fund.	An 83 center will not be established. There is a process already in place managed by Facilities Management using 80/93xx/xxx centers.
The CER funding is split funded over numerous centers	There will be an 83 center established. The center will carry the stewardship of the submitting department. A journal will be initiated and funding transferred.
The CER funding is for a one time piece of equipment, costing in excess of \$50,000.	An 83 center will not be established. However Property Accounting will send a memo to the submitting person for tracking information. Such information requested will be a requisition or purchase order number'(s).

A step by step process will be carried out by Property Accounting when the situation dictates the need for the 83 project center with the mode of communication preferably being e-mail:

1. Property Accounting creates the project center and notifies the submitting department person referenced on the CER document or the department's business manager of the new center. On this document will be a restatement of the proposed funding sources and the dollar value of the funding. If there are budgetary issues relevant, then a restated project funding matrix will have to be submitted breaking down the CER funding by fiscal year. Other issues such as "future but same

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fiscal year” funding issues will cause temporary deficits, however all deficits must be resolved before June 1st close of the fiscal year end. Other special needs will be addressed on a case by case basis but must be in writing.

2. Unless otherwise stated, Property Accounting will create a journal entry transferring the funds as stated on the CER document into the established 83 center 10 business days after the date of project center notification. This journal entry will be using a CPFxx (Capital Project Funding) journal identifier, and it will be transacted on account code 7973 which is titled R&R Transfer.
3. All project related expenditures and revenue sources are to be directly transacted to the established project center. This includes all Accounts Payable disbursements on purchase orders, departmental labor costs, supplies etc... Facilities Management should be transacting only storeroom and project management costs into all projects.
4. Special considerations will need to be carried out when the funding sources are externally sponsored agreements and/or bond funds. To recoup funds from these sources an internally generated request for funding will be created. The special funding sources will be billed a pro-rata share of costs based upon the CER document or budget matrix as outlined in #1 above.
5. On an annual basis Property Accounting shall send to each project submitter a statement of financial position. This report shall be sent out to the recipient no later than April 30th, and it shall include all financial activity of the project center through the close of the month of March. If a project is closed and falls under budget refunding of funds shall be based pro rata on the approved CER document or an alternative refunding methodology as directed in writing by the submitter.
6. On an as needed basis any and all recipients with the proper FMS security can and should view the project status via FMS on the Web.

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