

## BUSINESS POLICY

To: All Members of the University Community

2010:10

Date: March 2010

### Capital Project Policy and Procedures

#### I. POLICY

This policy is being put in place to document the required approvals for various sized capital projects, and to document how project account balances will be handled when a project is completed. The purchase of equipment would typically not fall under this policy, unless the equipment requires a significant installation or set-up.

- a. Required project approvals are as follows:
  - i. Projects less than \$20,000 require account manager written approval
  - ii. Projects of \$20,000 or more require division vice president written approval
  - iii. Projects of more than \$150,000 and less than \$250,000 require Presidential written approval
  - iv. Projects of \$250,000 or more require Board of Trustee approval
  - v. Funding is to be identified and confirmed prior to initiating work on a project.
  - vi. For projects funded entirely with departmental resources, the funding transfer is done by the department. Transfers of \$20,000 and above require divisional VP signature.
  - vii. For projects for which central funding is requested, approval by the President is required for the central funds.
- b. For projects with a budget of up to \$249,999, changes in the project scope of \$10,000 or more will require the approval of the divisional VP. For projects with a budget of \$250,000 or more, changes in the project scope of \$25,000 or more will require the approval of the divisional VP. If the original scope required presidential or Board of Trustee approval, these scope changes will also require presidential approval, and potentially Board of Trustee approval.
- c. Funding will not be transferred between projects or to a new project. New requests must be completed for each new project.
- d. Upon completion of the project, the corresponding project account will be closed. The Physical Plant Business Services office will notify the Accounting office of projects that are to be closed.
  - i. Any funding remaining in the project account will be returned to the original funding source(s) in proportion from where it originated.
  - ii. Any additional funding required at project close out will be provided entirely by the department who requested the project.
- e. Funding may be required in stages – an upfront allocation for planning purposes followed by full project funding including contingency when project is fully developed.

## II. PROCEDURES

The following procedure will guide the establishment, completion, and closing of departmental projects requested of and completed through the Physical Plant. This procedure is to be used for capital improvement projects of \$2,500 and higher in estimated cost.

- a. Project Request – Physical Plant project request form and process are provided on the Business Policy Web Page, under Facilities.  
<http://www.ferris.edu/HTMLS/administration/buspolletter/facilities/index.htm>
- b. Requesting department completes request form as directed.
  - i. Overview of the Project Scope
  - ii. Services Required
  - iii. Budget and Source of Funding
- c. Project Scope & Description
  - i. Following receipt of a Project Request Form, Physical Plant schedules an initial meeting with the requestor to acquire a broader understanding of the project objectives, goals and requirements. From this meeting, Physical Plant may determine that the scope of work can be completed via in-house resources or provide a recommendation that may include a request for a feasibility study utilizing contracted professional services. If contracted professional services are required and approved, the cost of services will be included in the Project Scope & Description form.
  - ii. Physical Plant sends the detailed Project Scope & Description form to the requestor to verify project information, secure required approvals and funding.
- d. For projects for which central funding is requested, approval by the President is required for the central funds.
  - i. Department submits request to dean/director
  - ii. Dean/director submits approved request to vice president for funding decision
  - iii. Vice president submits approved request to president for funding decision
  - iv. President notifies Budget Office of approved funding decisions
  - v. Budget Office initiates funding transfer
- e. State of Michigan Approval
  - i. Projects costing from \$1 million to \$3 million must also be submitted to the State of Michigan Joint Capital Outlay Sub Committee (JCOS) for review.
  - ii. Projects costing more that \$3 million that are not funded through the Capital Outlay process must also be submitted for review and approval by the State of Michigan JCOS before they can begin.

- f. Physical Plant will oversee completion of each project, regardless of the funding source, in close consultation with the requesting department.

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