I. Introduction

A. Property, Plant and Equipment (PP&E)

1. PP&E is the term used to refer to tangible long-term assets used in the day-to-day operations of the University. PP&E represents the land and buildings where the Rochester Institute of Technology’s (RIT’s) business is operated and the equipment used to deliver services to students. The assets reside on the balance sheet of the University and through depreciation, the cost of the assets (except land) are spread evenly over the periods they benefit.

2. This manual provides policies and procedures with regard to property, plant and equipment owned by RIT whether:
   a. Purchased with University funds or from other sources.
   b. Funded under a sponsored research grant or contract or gifted to the University.
   c. Furnished by the U.S. Government or other sponsors and being used as part of a research grant or contract with RIT.

3. PP&E may be acquired through purchases, loans or donations from external organizations and individuals.

B. Responsibility for Safeguarding RIT’s Assets

1. The primary responsibility for properly accounting for and safeguarding RIT’s assets lies with Property Accounting, a unit within the Accounting/Financial Reporting group of the Controller’s Office. Property Accounting is responsible to:
   a. Ensure that all departments adhere to the University’s and the federal government’s property standards.
   b. Maintain RIT’s asset recordkeeping system which includes capital equipment, land, buildings, and building and site improvements.
   c. Ensure that annual physical inventories are completed by all departments and that the recordkeeping system is regularly updated with all changes including acquisitions and retirements.

2. RIT Property Accounting develops and administers specific policies and procedures regarding acquisition and disposal of PP&E. The repository of
information for PP&E is Oracle Assets, a module within the University’s suite of financial applications (referred to in this document as OA).

3. RIT’s Office of Global Risk Management Services relies upon information contained in OA to report to the University’s insurance carriers, and to determine appropriate levels of insurance coverage. Compliance with the Property Management policies and procedures contained in this document helps ensure the accuracy of this data.

4. Departments are responsible to:
   a. Follow RIT’s procurement standards for capital equipment.
   b. Ensure that their assets are safeguarded.
   c. Complete annual physical inventories.
   d. Report asset retirements and disposals to Property Accounting as they occur.

C. Property Standards

1. The federal Office of Management and Budget (OMB) provides property standards for institutions of higher education that receive federal funding. 2 CFR 200.313 states that:
   a. The Property Accounting system must ensure adequate safeguards to prevent loss, damage or theft of equipment.
   b. All capital equipment must be insured.
   c. Physical inventories must be conducted periodically, minimally at least every two years.

II. Policies

A. Capital Equipment

1. Capital equipment (including furniture and furnishings) is defined as an article of nonexpendable, tangible (moveable) personal property with a useful life of more than one year and an acquisition cost (including delivery and installation charges) of at least $1,500.

2. Software (intangible personal property) having a value of at least $100,000 is also considered to be capital equipment. If the software upgrade/addition occurs within the same fiscal year that the asset was placed in service, the cost, regardless of the amount, should be added to the value of the existing asset. If the upgrade/addition occurs in a subsequent fiscal year, and the amount is $100,000 or more, the cost will be capitalized as a separate asset and depreciated over the useful life established for the new asset. If the cost is less than $100,000, the amount will be expensed in the period it was incurred.
3. Fabricated equipment is defined as an item of capital equipment fabricated from component parts. While the components may have a unit cost of less than $1,500, when complete the item meets the RIT standard definition for capital equipment above.

B. Capital Projects

1. RIT defines a capital project as planning, design, construction, modification and restoration/renovation of campus buildings and surroundings with a total cost of $5,000 or more.

2. Capital projects are recorded as assets on RIT’s balance sheet and expensed (depreciated) for financial statement purposes over the estimated useful life of the asset.

3. Many projects such as painting and maintenance and repairs may cost $5,000 or more, but they are not considered to be a capital improvement (i.e., a capital improvement must extend the useful life of the asset). Maintenance projects are expensed as the work is completed. Non-capital improvements are typically charged to the department’s capital equipment project account (e.g., 84200) but may also be charged to the operating account. Internal labor is not capitalizable, and therefore, expensed.

C. Depreciation

1. Depreciation is the process of allocating the cost of an asset in equal amounts to each period (month) expected to benefit from its use. For example, a computer is expected to have a useful life of five years. Therefore, a computer that was purchased for $2,000 in May of 2013 would be depreciated (expensed) over 60 periods beginning in June, 2013. The depreciation expense would be $33.33 per month. At the end of 60 months the net book value (NBV) of the computer would be -0- (NBV = acquisition cost – accumulated depreciation). However, as long as the computer is still in use, it would remain in OA and on University’s Balance Sheet.

2. Depreciation expense is not charged directly to the department/project that purchased the equipment; it is charged to a Central Institute account.

3. Refer to the Controller’s Office web page to obtain information about Useful Lives for Capital Equipment and Useful Lives for Capital Projects.

D. Retirements

1. When an asset is “retired” (i.e., removed from service), it must be removed from the University property management system e.g., OA). Departments are expected to be prudent and to exercise good judgment when retiring asset, especially one that may still have a remaining book value. Disposing of an
asset that is not fully depreciated will result in a loss to RIT that must be recorded on its financial statements to a central institute account.

2. The Controller’s Office periodically reviews asset retirement records. Departments with significant retirements that result in a loss to the University (i.e., remaining NBV is greater than $5,000 and/or the asset retired was less than 1 year) will be contacted to ensure that management is aware of the retirements and that they were appropriate.

III. Procedures

A. Purchasing Capital Equipment

1. Authorized individuals make capital equipment purchases through the RIT Procurement Services Office by creating an on-line requisition in the Oracle Purchasing application. Requisitions must be approved in Oracle by an authorized departmental approver or Principal Investigator (for equipment purchased with grant/contract funds).

   a. OA is fully integrated with Oracle Purchasing and Accounts Payable and Property Accounting captures the information required to record equipment purchases in OA directly from the information entered on the purchase requisition.

2. When information on the purchase requisition is incomplete, Property Accounting must track down the details required to correctly record your department’s assets. Here are some quick pointers about how to complete purchase requisitions for capital equipment:

   a. Descriptions – The information available on the inventory reports from the fixed asset system is based upon the line item description that is entered on the purchase requisition. A meaningful description will help you when it’s time to inventory your department’s capital equipment.
      i. Since certain Oracle reports truncate descriptions when they are printed, enter the most important information at the beginning of the description field.
      ii. Place references such as “web proposal”, “quote #” or “part number” at the end of the description field.

   b. Refer to the Controller’s Office web site for information about how to complete a requisition.

3. General Ledger Account Numbers – Purchase all capital equipment from your department capital equipment account. The project segment of the account number is 84200; use object code 16200 (equipment ≥ $1,500) in the 24-digit general ledger account number.
Here’s an example of a capital equipment project account in the College of Engineering: 01.63100.16200.00.84200.00000.
(Note: the “FEC” in the account combination is “00” since this item will be recorded as an asset on the University’s Balance Sheet):

a. Charge equipment valued at < $1,500 to object code 84000 (equipment < $1,500). You may charge equipment < $1,500 to your department operating account (e.g. 01.63100.84000.10.00000.00000) or to your department capital equipment account (e.g. 01.63100.84000.10.84200.00000).

b. Charge equipment purchased by NTID to department 41002, using NTID’s current fiscal year’s project account (020XX).

c. Capital equipment purchased on a grant or contract project must be separately budgeted and approved in advance by the sponsor.
   i. Charge the equipment purchase directly to the capital equipment line on the specific grant or contract. Here’s an example of the account number to use when purchasing capital equipment on a federal grant: 01.63100.16200.00.30XXX.00000.
   ii. Note: capital equipment purchases are exempt from Facilities and Administrative Cost rate calculations.
   iii. If you have questions about purchasing capital equipment on a grant or contract, contact your SPA representative for specific information before proceeding.

d. You may also purchase capital equipment from designated funds, special projects or gift or endowment earnings accounts, as long as the purchase meets any restrictions placed on the account, and there are sufficient funds available to cover the purchase.
   i. If you have questions about purchasing capital equipment on a gift/endowment earnings account, contact the Controller’s Office Gift Financial Reporting Specialist at ext. 5-7872.

4. Use of the JP Morgan Chase Procurement Card – Because the information required to record capital equipment in the fixed assets application is not available from the JPMC PaymentNet system, the RIT procurement card cannot be used to purchase capital equipment

   a. If there is a situation where use of a procurement card could result in large savings to RIT, obtain approval from the Procurement Services Office and Property Accounting prior to making the purchase.
   b. Upon approval by Procurement Services Office and Property Accounting, the University Card Administrator will temporarily change the limit on your procurement card to allow the transaction to be processed.
5. Purchases from the AACS @ B&N or the RIT Photo Store – A Charge Authorization Form may be used to purchase computers and general equipment from AACS or the RIT Photo Store.

   a. Complete an Authorization Form. Purchases made by a department from AACS or the RIT Photo Store will be charged to a general ledger chargeback account. The chargeback object code for Capital Equipment > $1,500 is 90101 for AACS and 90229 for the RIT Photo Store.

   b. On the Authorization Form indicate the 24-digit general ledger account number that the equipment should be charged to, (using object code 90101 or 90229), obtain the appropriate departmental approvals, and take it to AACS at B&N or the RIT Photo Store.

   c. Once the sale is complete, AACS or the RIT Photo Store will process a journal entry to charge your department for the purchase.

6. Personal Computer Purchases – The common capital equipment purchase is personal computers. To ensure that computers are correctly accounted for, here’s is some additional information to assist you when purchasing computers

   a. All parts for personal computers including monitor, keyboard, docking station, etc., are considered to be one piece of equipment.

   b. Charge printers purchased at the same time as a computer, with a unit cost of less than $1,500 to object code 84000 – equipment less than $1,500.

   c. Operating software purchased with capital equipment is part of the cost of the equipment and is capitalized.

   d. Charge application software that is required for the operation of the equipment to object code 16200 (when it is purchased with the equipment).

   e. Application software that is not installed, but purchased at the same time as the equipment (i.e., Microsoft Office), is generally not considered part of the cost of the equipment and should be charged to object code 73750.

   f. When an extended warranty is purchased, charge a maintenance & repair object code 80200 (warranties are not capitalized).

   g. If you are purchasing several pieces of equipment that have a unit cost less than $1,500 each, but the total requisition is at least $1,500, use object code 84000 (not 16200).

   h. When upgrades such as additional memory and extra drives are purchased at the same time as the computer, they will also be capitalized (e.g., use object code 16200 on the requisition).

   i. If there are multiple parts, and the total cost is at least $1,500, use object code 16200.
7. Modular workstations may be capitalized when the total of the component parts is at least $1,500. However, check with the Property Accounting Office before creating the purchase requisition.

8. Request the Oracle RIT-Capital Equipment Statement each month to reconcile your department’s capital equipment purchases. The Capital Equipment Statement reflects fiscal year beginning balances, current open encumbrances, current month expenditures, fiscal year to date expenditures, and the project to date available balance or deficit.

B. Fabricating Capital Equipment

1. Requests to establish a fabricated equipment account must be approved in advance by the Property Accounting Office. Complete a Capital Equipment Fabrication Request form located on the Controller’s office web site. Include the following information in the request:

   a. A description of the fabricated item to be constructed.
   b. The general ledger department and project number where the costs of the component parts for the fabricated item will be charged. Note: Charge all component parts to object code 16250 - 16259 – Fabricated Equipment > $1,500.
   c. Provide a total cost estimate of items to be included in the final fabricated item including electrical, electronic, and mechanical components and other materials. Include costs of services if applicable; do not include salaries and wages of RIT employees.
   d. Anticipated completion date of the equipment.

2. Property Accounting will notify the department when the request to fabricate capital equipment is approved and account combination is set-up/enabled. The department will notify Property Accounting of any significant cost or completion date revisions.

3. Immediately following the estimated completion date of the fabricated equipment provided in the initial request, Property Accounting will contact the department asking them to certify that the equipment is complete and that all costs have been accounted for.

   a. Property Accounting will move the total costs from object code 16250 - 16259 to object code 16200 and the item will be added to OA.
   b. If the fabricated equipment is not complete, the department should request an extension from Property Accounting.
   c. If the fabrication is completed sooner than anticipated, the department should notify Property Accounting.
d. When the department is a self-tagging department, the department contact provides Property Accounting with the inventory tag number and building/room location.

C. Items Donated to the University – Gifts-in-Kind

1. Gifts-in-kind include tangible personal property and/or software donated to RIT by external organizations and individuals. Those gifts with a value of at least $1,500 ($100,000 for software) are included in the fixed asset system.

2. Notify RIT’s Development Office of all gifts received by your department so that they can update the Development/Advance system and send the donor an acknowledgement.

3. For financial statement purposes, Accounting staff prepare a journal entry to credit the department’s capital equipment account for the value of the gift (e.g., gift-in-kind income) and debit the gift-in-kind capital equipment object code. This entry does not impact the department’s bottom line since the debit + credit = 0.

Here’s an example of the accounts used to record a capital equipment gift-in-kind of $2,000 for the College of Engineering:

- **Gift-in-Kind Capital Equipment Expenditure**
  - DR 01.63100.87105.82.84200.00000 $2,000

- **Gift-in-Kind Capital Equipment Income**
  - CR 01.63100.54300.82.84200.00000 $2,000

4. Development provides Property Accounting with an RIT Development Record of Gift Form that includes the value, donor, donee, date and any written correspondence associated with the gift.

5. Property Accounting manually updates OA with the gift-in-kind information. Gift-in-kind equipment is recorded as an asset and depreciated over its estimated useful life. The equipment will appear in the department’s inventory records.

6. For more information about gift-in-kind donations, visit the Controller’s Office web page.

D. Government Furnished Equipment (GFE)

1. GFE refers to equipment that is loaned to RIT for a specific purpose and duration of time, typically detailed in an agreement between the “bailor” (the agency of the federal government that owns the equipment) and the “bailee”
(RIT). Since there may be special reporting and insurance requirements, notify Property Accounting if you are in receipt of government furnished equipment.

E. Funding Equipment Purchases Less than $20,000

1. Colleges/Divisions may receive a capital budget allocation through the University’s annual budget process. The amount of the allocation appears as a line item budget in the department’s operating account.

2. Each month during the fiscal year, the Budget Office processes a standard monthly journal entry to debit the department’s operating account (object code 63184) for 1/12th of the annual budget allocation and credit the department’s capital equipment account.

3. Departments may allocate funds among their capital equipment projects throughout the year by requesting the Budget Office to process a funds transfer.

4. Departments may fund miscellaneous capital equipment purchases charged to their capital equipment project 84200 from their operating account or their designated fund account by requesting the Budget Office to process a funds transfer.

   a. The journal entry will charge (debit) your operating or discretionary account (the funding source) and credit your capital equipment account using the appropriate transfer object codes.

Example: the College of Engineering purchased a computer for $2,100 from their capital equipment account. Here are the account numbers used in the journal entry to transfer funds from their operating account to their capital equipment account to fund the purchase:

   Operating Account line:
   DR 01.63100.63184.00.00000.00000 $2,100

   Capital Project line:
   CR 01.63100.63101.00.84200.00000 $2,100

5. The Budget Office monitors capital equipment projects throughout the year and will contact departments to resolve deficits should they occur.

F. Funding Purchases More than $20,000

1. Departments may receive funding allocations from the Central Institute through the annual budget process for capital equipment purchases greater than $20,000. Note: the Budget Committee of the Board of Trustees must approve purchases of $20,000 or more, regardless of the funding source.
2. As purchases are made throughout the year, departments submit payment information to the Budget Office for reimbursement (e.g., Oracle Report – RIT Account Analysis - Subledger). The Budget Office will process a transfer from the Central Institute to the department’s capital equipment project to fund the purchases.

G. Inventory Records

1. Property Accounting is responsible for maintaining RIT’s fixed asset inventory records including additions of new fixed assets, changes to existing fixed asset records and removing assets from the records that are retired.

   a. Property Accounting provides asset tags to non-self-tagging departments to affix to each piece of capital equipment. The asset tag is unique number that identifies the specific piece of equipment in OA.

2. Each month, Property Accounting obtains information from Oracle Accounts Payable (i.e., items purchased through Oracle Purchasing) regarding capital equipment purchases during the prior period. Property Accounting edits all invoice lines and adds other information required by OA.

3. When capital equipment is added to OA, specific information is required and other information is optional.

   a. Required Information:
      ✓ Location (building/room)
      ✓ Category and Acquisition code
      ✓ Units – Inventory in OA is maintained in units of one
      ✓ Acquisition Cost – amount paid for the equipment including delivery and installation charges
      ✓ Equipment Description – note: it’s helpful to enter a meaningful description on the purchase requisition since this information is transferred to OA.
      ✓ Depreciation expense account – depreciation expense is charged to the General Institute on the FEC used by the department. The department of the owner is included for information purposes only.
      ✓ Date-in-Service (the vendor invoice date; not the general ledger pay date) – this date is important for calculating depreciation expense

   b. Optional Information:
      ✓ Invoice #, Supplier #, PO #
      ✓ Tag #, Serial #
      ✓ Manufacturer, Model
      ✓ Clearing expense account – offsets the charge (debit) to inventory on the Oracle created inventory addition journal entry
✓ Asset Key (department/project/program) – used in Oracle Asset Standard reports when sorting by department and performing inquiries

4. Once Property Accounting has obtained all necessary information regarding the new assets, the information is posted to OA where it becomes part of RIT’s capital equipment inventory. During this process each asset is assigned an asset number.

5. Property Accounting forwards asset tags to the non-self-tagging departments to affix to the new equipment. In addition, Property Accounting provides information regarding new assets and requests missing information such as building and room number. Note: certain departments are responsible for tagging their own capital equipment; they send asset number information to Property Accounting to be added to OA.

6. Property Accounting manually enters capital equipment purchased from loans, AACS or the RIT Photo Store, fabricated equipment and received as a gift-in-kind into the OA application.

7. To ensure the accuracy of your department’s asset records, advise Property Accounting when you change the location of an asset or transfer an asset to another department. Property Accounting will record these changes in Oracle Assets as soon as the information is received from the department.

8. Departmental inventory representatives may perform inquiries and request capital equipment reports from OA. Submit an Oracle Financial Applications Access Request (available on the Controller’s Office web site) to obtain access.

H. Capital Equipment Physical Inventory

1. All departments are required to perform a complete inventory of their capital equipment once per year. This process is an important control activity designed to safeguard the assets of the University. In addition, when all assets are correctly recorded in the University’s record keeping system, the accuracy of the University’s financial statements is enhanced.

2. During any one calendar month chosen at their discretion, departments must complete an annual physical inventory of all capital equipment.

3. Property Accounting provides each department with the Oracle Assets Departmental Asset Inventory Report RIT listing information regarding each asset assigned to the department. Departments compare the equipment physically on hand to the Departmental Asset Inventory Report RIT. Changes are made to the report.
4. The employee who performed the physical inventory signs the Annual Capital Equipment Inventory Confirmation/Certification form along with the Department Head.

5. Property Accounting adjusts the records in OA to agree with the physical inventory when the Departmental Asset Inventory Report RIT and Annual Capital Equipment Inventory Confirmation/Certification form are returned.

6. To ensure that the assets are correctly stated on the University’s Balance Sheet, Property Accounting prepares journal entries to adjust the total asset amount. If an asset is disposed of before it was fully depreciated, a gain/loss adjustment is recorded.

7. Due to the impact on the financial statements, Property Accounting works with departments to research large discrepancies (i.e., remaining NBV is greater than $5,000 and/or the asset retired was less than 1 year) and review policies, procedures and protocol for propriety and adherence.

I. Asset Retirements

1. Notify Property Accounting when assets are retired (removed) from the inventory so that the OA records can be adjusted. Assets may be retired for the following reasons:

   a. Surplus Equipment – Equipment that is no longer needed by the department that made the initial purchase. Disposition of RIT’s surplus property is the responsibility of the Procurement Services Office through the administration of the Surplus Property procedure. Refer to the Procurement Services Office’s web site for information regarding surplus property.

   b. Donated Equipment – Department heads may decide to donate equipment that is fully depreciated (i.e., has no remaining book value – difference between the acquisition cost and the depreciation that has been recognized) and no longer in use to students, employees or other not-for-profit organizations. Prior to removing an asset from RIT, notify Property Accounting.

   c. Sold – Prior to selling a piece of equipment, notify Property Accounting to determine the remaining book value. Departments will receive proceeds from the sale after the remaining book value of the assets has been written off of the University’s books. If equipment is sold to students, employees, or parties external to RIT, the department must deposit proceeds from the sale at Student Financial Services. Complete a deposit ID Form and indicate the following general ledger account number: 01.01000.18100.00.00000.00000 and reference the asset # or tag #.
d. Stolen – Notify Campus Safety and Property Accounting if equipment is stolen from your department. The asset will be removed from OA by Property Accounting.

e. Loaned – Occasionally, capital equipment may be loaned to an employee for use off-campus. Prior to removing the asset from RIT, notify Property Accounting.

f. Equipment Acquired with Federal Funds – Special regulations may apply to disposal of equipment acquired with federal funds (e.g. grants and contracts). Contact your Sponsored Programs Accounting representative to obtain specific sponsor regulations that may apply to your sponsored project. Records for real property and equipment acquired with Federal funds are retained for three years after final disposition.

J. Plant Additions & Improvements

1. The FMS department manages most campus construction projects and building and site improvement projects. Typically an FMS engineer is assigned to manage a project. Prior to beginning a capital project, Facilities Management Service (FMS) obtains the appropriate authorization from the department.

2. All planned construction or building improvement projects greater than $20,000 must be approved by the Budget Committee through the annual budget process, regardless of the funding source.

3. Construction or building improvement projects of $500,000 or more must be approved by the Finance Committee of the Board of Trustees.

4. To accurately track costs and funding, each capital improvement/ construction project is assigned a unique Oracle project number. When a project is approved and ready to begin, FMS submits a project set-up request to the Controller’s Office which includes all pertinent information including: project description and location, funding account, and estimated total cost.

5. Property Accounting sets up the plant project number (81XXX – 82999, 808XX and 88XXX) in the general ledger along with the appropriate account combinations. This project is used to track all revenues, transfers and expenditures associated with the project. (Note: FMS also tracks project financial information in their “project tracker” system using a unique project number.)

   a. Here’s an example of a capital improvement project in the College of Engineering. *Note: all capital construction/improvement projects are assigned to FMS department 18000.


Object code 80450 – Building & Site Capital Expenditure
01.18000.80450.88.81162.00000
6. Property Accounting prepares a journal entry to transfer funds for the approved amount from the funding source (e.g., department operating account, department capital equipment account, Central Institute, etc.) to the plant construction project account.

   Capital Equipment Project:
   DR 01.63100.63183.00.84200.00000

   Plant Project:
   CR 01.18000.63184.00.81162.00000

7. When a department purchases furniture or equipment as part of a renovation or construction project, it is charged to the same project number as the FMS project, but in combination with their department number (see below):

   Furniture > $1,500: 01.63100.16200.00.81162.00000

   Furniture < $1,500: 01.63100.84000.10.81162.00000

8. Typically projects are approved with 10% contingency spending. One half of the contingency amount may be spent without prior approval. The remaining amount must be approved by the Sr. Vice President of F&A prior to being spent. Property Accounting prepares a transfer entry for the 10% contingency at the time the initial funding transfer is processed:

   Capital Equipment Project:
   DR 01.63100.63183.00.84200.00000

   Plant Project Contingency (note: the department number is the funding department):
   CR 01.63100.63188.00.81162.00000

9. When a capital project is funded by gifts received from external donors (i.e., the purpose of the gift is restricted to the specific capital project, the gift is recorded in a unique gift project in the 28XXX range. The companion plant project begins with an 88XXX.

   For example, a gift donated to the College of Engineering for an Electrical Engineering lab renovation project would be recorded on gift project 28123.

   01.63100.54200.82.28123.00000

   All project related activity would be recorded by FMS on project 88123.

   01.18000.80450.88.88123.00000

   When the renovated lab is placed in service, the funds would be transferred from project 28123 to project 88123.
10. FMS approves all charges to plant capital projects. Transactions are recorded in the plant project account on the ledger as they occur either through accounts payable transactions or journal entries.

11. The majority of charges on plant projects are to object codes: 80450 – Building & Site Capital Expenditure for payments to outside contractors; 90171 – FMS Capitalized Chargeback; 90375 – Telecommunications Work order Chargeback.

12. When capital equipment is purchased on a plant project it is charged to object code 16200; it will be capitalized separately in OA.

13. Occasionally, non-capitalized expenditures such as travel or supplies are charged to a capital project. When this occurs, the FEC of the department funding and benefiting from the capital project is used in the accounting combination.

Here’s an example of a hospitality travel expense treated as a non-capital expenditure in the College of Engineering’s capital project 81162 – classroom renovation (e.g., FEC 10 – Instruction):

01.18000.78550.10.81162.00000

14. Project Close-Out – Each month, FMS provides Controller’s Office with information regarding all projects that were completed (i.e., entered into service) during the month. This in-service date begins the close-out process.

   a. Each month, FMS provides Property Accounting with information regarding all projects that were completed (i.e., entered into service) during the month. This in-service date begins the close-out process.

   b. FMS will provide Procurement Services with a list of purchase orders to be “final closed”. This will liquidate any remaining encumbrances for which no additional payments are expected.

   c. About 60 days after the date in service, FMS will initiate a list of outstanding additional expenditures consistent with the original scope of the project. The final list will also note if the future expense is currently encumbered.

   d. The list of outstanding additional expenditures consistent with the original scope of the project will be sent to Property Accounting no later than 90 days after the date in service.

   e. At the end of the 90 day period, Property Accounting will transfer any surplus funds remaining on the project account back to the original source, not including the list of outstanding expenditures consistent with the original
scope (Step #3). The remaining contingency and retainage will be liquidated as appropriate. The project is end-dated and the project account combinations are disabled.

f. At the end of the 180 day period, if there are outstanding invoices to be paid from the list of outstanding expenditures, the project will be enabled to allow payments to be processed. Any additional expenses discovered, will need to have a new project approved if the total cost is at least $5,000.

g. For incremental expenditures not included on the original outstanding expenditure list, FMS will request funding from the Budget Office if it is within the 90 – 180 days after the project was substantially complete.

h. When all payments are complete FMS must ensure all encumbrances are at -0-. A project must have a net balance of zero and no outstanding encumbrances to be closed. Property Accounting will return all remaining funding.

i. If there is an energy rebate which may not have been determined by the project end date, FMS will ask Property Accounting to temporarily reopen the project when the funds are received. Property Accounting will reverse prior funding up to the amount of the rebate.

15. When the plant addition or improvement is placed into service (i.e., in use), Property Accounting records the asset OA and on the Balance Sheet. The value of the asset(s) equals the total project cost less non-capital expenditures. Depreciation expense commences the following month and continues throughout the life of the asset.

16. Project summary reports that include current period expenses, revenues and transfers as well as YTD and PJTD information, are available in the Oracle general ledger by project number. The most commonly used report for tracking capital construction improvement projects is the *RIT Plant Fund Capital Project Statement*. 