

CAPITAL APPROPRIATIONS POLICY

This policy has been developed to provide guidance on the process of capital appropriations, to assist the Administration in preparing the capital budget, to facilitate informed investment decisions, and to promote the effective management of existing capital assets.

1. What purchases are covered under this policy?

- 1.1 Capital appropriations are defined as purchases of assets exceeding \$5,000 in value that have a useful life greater than one year. This includes but is not limited to the following:
 - purchases of land, land improvements, buildings, building improvements, furniture, equipment, software, library books, musical instruments
 - computers and computer equipment with a cost greater than \$1,000
 - smaller related purchases with an aggregate total greater than \$5,000 (i.e., building renovation)
 - capital projects in progress
 - leases and leasehold improvements
 - repairs, maintenance, and improvements of existing assets
 - any asset that meets the above requirements regardless of its funding source
- 1.2 This policy does not cover maintenance agreements or service contracts.

2. Process for Requesting Approval for Capital Appropriations for all funding sources

- 2.1 No purchase of capital assets should be made without proper authorization.
- 2.2 Requests should be approved prior to committing funds.
- 2.3 Proper authorization is obtained by completing a Capital Appropriation Request form.
- 2.4 To facilitate processing of the form, all lines must be completed and answered fully.
- 2.5 The request must be approved by the Vice President of the requesting individual, the Vice President of Finance, and if the request exceeds \$25,000, the President.
- 2.6 If the request is for a computer or computer equipment, the request must also be signed off by the Director of Information Services.

3. Project is Approved or Denied

- 3.1 If the project is approved, it will be returned to the individual that submitted the request. In some cases, additional information will be required before the project can proceed and will be noted on the Capital Appropriations Request form.

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- 3.2 Some projects will require bids from multiple vendors to ensure we are receiving competitive pricing. It is our policy that the lowest bid will be accepted; however, there may be circumstances where factors other than price may affect the decision. In these cases, a justification will need to be written and submitted for approval prior to committing the funds.
- 3.3 The project leader must contact the Business Office to get the accounts set up in the general ledger and to assign a Capital Appropriations project number prior to committing the funds.
- 3.4 If the project is not approved, it will be returned to the individual that submitted the request with an explanation.

4. Overruns or Under Budget

- 4.1 If the purchase order will exceed the approved cost by greater than 10%, the Capital Appropriations Request form must be resubmitted prior to committing funds.
- 4.2 If a project comes in under budget, the excess must be returned to its funding source.
- 4.3 Spending is approved for the defined project only.

5. Payment Process

- 5.1 When invoices are received in the Business Office, they will be routed to the project leader for approval to be paid.
- 5.2 The approval must include the general ledger number(s) to be charged, the capital appropriations project number assigned, and the signature of the project leader.
- 5.3 If the invoice includes multiple projects, the costs need to be allocated by project in addition to providing the information as stated in 5.2.

6. Disposal of Assets

- 6.1 Assets cannot be disposed of without prior approval from the Vice President for Finance and Administration. A disposal form should be completed for all disposals.
- 6.2 Proceeds from disposing of assets will go to the general fund or other funds as appropriate.