



**ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL**

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|---|----------------------------|
| TOPIC: Section 8 – Capital Assets 2.0   | EFFECTIVE DATE: 03/04/1994 |
| TITLE: State Capital Projects (Construction Projects)<br>Transaction and Monitoring Process | REVISION DATE: 04/01/2014  |
| AUTHORIZED BY: Director, Bureau of Fiscal Services  |                            |

**BACKGROUND**

The Building Commission administers all state Capital Projects (construction projects). Funding for state Capital Projects is typically provided through Capital Improvement Bonding (Fund 495), Building Trust Funds (Fund 490), or agency funded participation. Capital Projects may be funded by one or more of these sources. Funding for state Capital Projects is appropriated from Funds 490 and 495 in Chapter 20 of the Wisconsin Statutes, sections 20.866 (Public Debt) and s. 20.867 (Building Commission). The Wisconsin Legislature enumerates these appropriations further for specific purposes. Encumbrances and payments related to Capital Projects are the primary responsibility of the Department of Administration (DOA), Division of Facilities Development (DFD) and State Controllers Office (SCO).

Department of Health Services (DHS) Bureau of Fiscal Services (BFS) Expenditure Accounting Section) processes Fund 490/495 Capital Project financial transactions – Encumbrances (PD) and Payments (P1) – directly in WiSMART only.

The DHS Engineering Section is delegated by the DFD to perform project design and specification development; and oversee construction and completion of certain projects. As a general rule, delegated projects tend to be less than \$100,000 per funding source. All Capital Project encumbrance requests require approval by the DFD Project Manager. After encumbrance requests have been approved by DFD, the SCO applies final encumbrance approval in the WiSMART Fiscal System. DHS is not required to obtain additional DFD/SCO approval when processing payments to pre-approved encumbrances.

**POLICY**

DHS processes capital project transactions in WiSMART and the status of all Capital Projects can be monitored via the Capital Projects Accounting Information System Internet Website <http://cpa.doa.state.wi.us> . All Capital Projects are assigned a DFD Project number and accounting transactions are processed via the WiSMART Fiscal System, except for R&M projects as referenced below.

The categories of construction projects are:

- Major projects greater than \$250,000, which are administered by DFD.
- Projects between \$30,000 and \$250,000, which are administered by DFD, except that DFD may delegate the design and supervision phase to DHS Engineering. However, approval authority and accounting for these projects remains a DFD responsibility.

- Projects of \$30,000 or less which may be delegated by DFD to DFS Engineering for design, supervision, and contracting authority. The encumbrance and payment transaction processing for these projects is delegated to DHS/BFS, except for the approval of encumbrances which remains a DFD responsibility.
- Agency funded “Type 99” Capital Projects are jointly administered by DFD and DHS Engineering. These projects are funded by DHS appropriations and jointly administered by DFD and DHS Engineering. The encumbrance (PD) and payment (P1) transaction processing function for agency funded projects may be delegated to DHS/BFS, except for the approval of encumbrances which remains a DFD responsibility. DHS will make a normal payment to the BUILDING TRUST FUND for the “Type 99” Capital Project within 30 days of receiving the Project Budget Transaction (PJ) Statement from SCO (see Attachment 1). Expenditures are made from the project using Fund 490 and appropriation AGF0.
- Routine Repair and Maintenance (R&M) and Special R&M projects are funded by, administered by, and accounted for by the DHS Financial Management System (FMS). See Section 11 – Institution Accounting 9.0 (Repair & Maintenance Projects).

## PROCEDURE

### Process

State purchasing guidelines are followed for all purchasing encumbrance requests. As directed by DFD Project Managers, purchase orders (POs) may be initiated by each Organization Facilities Management staff. Each Fund 490/495 PO encumbrance request submitted to BFS Expenditure Accounting Section is required to have a **DFD Project Number**. BFS Expenditure Accounting maintains a purchase order log for capital projects.

Before entering requested encumbrances, BFS Expenditure Accounting verifies funds availability for the project. An encumbrance request (PD) is keyed into WiSMART. BFS forwards the WiSMART screen prints and a copy of the purchase order to DOA/SCO for approval. SCO logs receipt of the PD request, generates a cover for the packet, and routes the packet to DFD for Project Manager approval. Upon DFD Project Manager approval, the packet is returned to SCO who then applies the WiSMART PD approval. The approved PD packet is then returned to DHS/BFS and placed in the “Open PD Capital Projects File” to await requests for payment. Purchase request initiators access the Capital Accounting Website to determine if their purchase encumbrance request has been approved by the DFD Project Manager before notifying the vendor service provider to proceed with the work, goods, or services.

Payments are made based on original vendor invoices approved for payment. The vendor submits an invoice directly to the organization for approval. The invoice is then forwarded to BFS Expenditure Accounting. For Construction Contract payment requests, the contractor can bill as the project is completed by sending a partial invoice to the organization for payment. Contractor vendors can submit requests either according to a time frame spelled out in their contract or according to some other framework.

To process a payment, DHS BFS Expenditure Accounting verifies that the invoice payment request has been approved “OK TO PAY” and pulls the referenced encumbrance from the “Open PD Capital Projects File” to determine the payment balance and records the payment on the PD Packet. The invoice is entered as a P1 document into WiSMART. BFS Approver applies WiSMART approval. Once the purchase order has been paid in full or final payment determined, the Project Documentation and all invoices are sent to the file room to be filed.

Capital Project payment files are maintained in the BFS File Room by Project Number until the project has been closed for a full fiscal year. Closed Projects are then sent to the Record Center for destruction after four years. Step by step procedures are available in BFS Expenditure Accounting.

### **Monitoring State Capital Projects**

The Capital Projects Accounting website is <http://cpa.doa.state.wi.us>. The Capital Projects Accounting website displays daily status of project budgets, encumbrances (PD), and expenditures (P1) by project number. The DFD project manager is identified, and project data is also broken down by project phase. The most common phases are design and supervision (phase 1), construction (phase 3), fixed equipment (phase 4), and land purchase (phase 5). Encumbrance data is also broken down to vendor name and vendor payments with check number (AD) and payment dates. DOA provides access and login information to this website.

### **Capitalization of State Capital Projects**

Refer to Section 8 – Capital Assets 2.1 [Capitalization of Fund 490/495 Capital Projects (Construction Projects)] for the description of current procedures used to capitalize building/land and equipment Capital Project costs.

### **ATTACHMENTS**

Statement of Agency Funds Due to the Building Trust Fund

### **REFERENCES**

[Wis. Stat. § 20.866](#) (Public Debt)

[Wis. Stat. § 20.867](#) (Building Commission)

[Capital Projects Accounting Information System](#)

[DHS APP Section 11 – Institution 9.0](#) (Repair & Maintenance Projects)

[DHS APP Section 8 – Capital Assets 2.1](#) (Capitalization of Fund 490/495 Capital Projects)

[State Accounting Manual Section VII – Project Accounting](#)

### **CONTACTS**

[Expenditure Accounting Section Chief](#)

[Capital Project Accountant, Expenditure Accounting Section](#)

**ATTACHMENT**

State of Wisconsin  
Capital Projects Accounting

STATEMENT OF AGENCY FUNDS DUE TO THE BUILDING TRUST FUND

Project Activity as of 2/28/2014

AGENCY: 435

| Project                              | Budgeted            | Deposited **        | Balance Due        | Aging         |               |                    |                    |
|--------------------------------------|---------------------|---------------------|--------------------|---------------|---------------|--------------------|--------------------|
|                                      |                     |                     |                    | Current       | 31 to 60 Days | 61 to 90 Days      | Over 90 Days       |
| 06D2N WRC -AIR TEMPERING- A-BUILDING |                     |                     | Project Status: X  |               |               |                    |                    |
| 06D2N AR 3                           | \$31,935.88         | \$49,647.00         | (\$17,711.12)      | \$0.00        | \$0.00        | \$0.00             | (\$17,711.12)      |
| Project Totals:                      | \$31,935.88         | \$49,647.00         | (\$17,711.12)      | \$0.00        | \$0.00        | \$0.00             | (\$17,711.12)      |
| 06F2V WMHI HOSPITAL SURVEY STUDY     |                     |                     | Project Status: X  |               |               |                    |                    |
| *** Agency Funded Project ***        |                     |                     |                    |               |               |                    |                    |
| 06F2V AR 1                           | \$7,094.00          | \$0.00              | \$7,094.00         | \$0.00        | \$0.00        | \$0.00             | \$7,094.00         |
| Project Totals:                      | \$7,094.00          | \$0.00              | \$7,094.00         | \$0.00        | \$0.00        | \$0.00             | \$7,094.00         |
| 09C1K SWC - REPLACE BOILER # 4       |                     |                     | Project Status: X  |               |               |                    |                    |
| 09C1K AR 3                           | \$749.58            | \$24,691.00         | (\$23,941.42)      | \$0.00        | \$0.00        | \$0.00             | (\$23,941.42)      |
| Project Totals:                      | \$749.58            | \$24,691.00         | (\$23,941.42)      | \$0.00        | \$0.00        | \$0.00             | (\$23,941.42)      |
| 13C1Y DHS-WINNEBAGO RESOURCE CENTER- |                     |                     | Project Status: A  |               |               |                    |                    |
| *** Agency Funded Project ***        |                     |                     |                    |               |               |                    |                    |
| 13C1Y AR 1                           | \$36,550.00         | \$324,500.00        | (\$287,950.00)     | \$0.00        | \$0.00        | (\$287,950.00)     | \$0.00             |
| 13C1Y AR 3                           | \$328,950.00        | \$0.00              | \$328,950.00       | \$0.00        | \$0.00        | \$328,950.00       | \$0.00             |
| Project Totals:                      | \$365,500.00        | \$324,500.00        | \$41,000.00        | \$0.00        | \$0.00        | \$41,000.00        | \$0.00             |
| 13F1N SRSTC ARC FLASH STUDY          |                     |                     | Project Status: A  |               |               |                    |                    |
| *** Agency Funded Project ***        |                     |                     |                    |               |               |                    |                    |
| 13F1N AR 1                           | \$50,200.00         | \$0.00              | \$50,200.00        | \$0.00        | \$0.00        | \$0.00             | \$50,200.00        |
| Project Totals:                      | \$50,200.00         | \$0.00              | \$50,200.00        | \$0.00        | \$0.00        | \$0.00             | \$50,200.00        |
| <b>Agency Totals</b>                 | <b>\$455,479.46</b> | <b>\$398,838.00</b> | <b>\$56,641.46</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$41,000.00</b> | <b>\$15,641.46</b> |

Building Commission Policy states that agencies shall deposit agency funds budgeted for capital projects within 30 days of receiving the Project Budget Transaction (PJ) from the State Controller's Office.

For projects with amounts due, this report is your billing. You will not receive a separate invoice. If you have questions about this report, call 266-1233.

Prepared by the Capital Accounting Section of the State Controller's Office - Wisconsin Department of Administration

**\*\*Project Charges are reflected in Deposits.**