

Drake University  
Capital Expenditure Policy  
October 2, 2009

**Overview:**

Capital budgeting requires significant advanced planning and review to ensure that projects/purchases are 1.) properly evaluated and scheduled; 2.) appropriately funded; and 3.) prioritized in a way that is consistent with the University's mission, strategic plan and campus master plan.

**Purpose:**

To provide guidelines for the approval, review and prioritization of capital expenditures within the University's 3-Year Capital Budget Plan.

To ensure that capital expenditures are properly planned, funded, monitored and accounted.

**Scope:**

This policy and its procedures apply to all construction, capital improvements, major equipment purchases, and other special projects which total \$10,000 or more. This includes projects that are fully or partially funded by outside funding sources, such as gifts or grants.

Examples include:

- New construction (new buildings or major additions)
- Building repairs, renovations, remodeling or demolition
- Major or deferred maintenance
- Master planning projects or feasibility studies for various facilities
- Architectural or interior design work
- Safety or compliance construction projects
- Energy conservation or HVAC projects
- Wireless, keyless or security camera projects
- Grounds improvement; parking lots
- Building and other exterior signage
- Real estate acquisition or leasing
- Vehicle leasing or purchasing
- Information Technology or Telecom systems
- New or replacement equipment (musical, scientific, or other)
- New audio visual equipment
- New or replacement furniture, carpet, flooring, lighting or window coverings

This process applies to projects \$10,000 or more. For smaller miscellaneous projects or equipment, requests should be submitted as part of the annual operating budget request process. Both the Provost and the VP for Business and Finance have been allocated a pool of funds for these smaller requests.

## **Procedures:**

### **Architects:**

Only the President, the Vice President for Business and Finance, and the Board of Trustees are permitted to engage the services of an architect on behalf of Drake University.

### **Major Projects (over \$1 million):**

Projects approved in the Campus Master Plan or any other project estimated to cost \$1 million or above require the involvement of the Vice President of Business and Finance and the Facilities or his/her delegate(s) in all phases of the planning process. The Buildings and Grounds Committee of the Board of Trustees is responsible for approving the plans and construction for all such projects, while the Business, Finance and Investment Committee of the Board of Trustees is responsible for approving the financial arrangements for such projects. No project can begin without those approvals from the Board of Trustees.

### **Other Projects (under \$1 Million)**

Drake University's capital planning process begins with a Capital Project Request form. The capital planning process will be initiated each year in the early fall by the Vice President for Business and Finance as part of the University's overall budget process. The initial deadline for submission of the Capital Project Request form is December 1 of each year to be considered for the next fiscal year's budget. However, if the deadline is missed, Capital Project Request forms may be submitted at anytime throughout the year, for consideration in subsequent year's budget. Use of capital gifts/grants received after the December 1 deadline will be considered for the following fiscal year if the Capital Project Request form is received by March 1.

In general, capital projects which are gift or grant funded will not be permitted to begin construction until all cash associated with the gift or grant has been received. Debt-funding is generally only available for auxiliary operations or for very large capital projects with extended (5 to 10 year) pledge payments. See Debt Policy.

Requests for capital projects/equipment will be reviewed by the Cabinet (the President, Provost, Vice President for Business and Finance, Vice President for Admissions and Financial Aid, the Vice President for Advancement and Alumni Affairs, the Executive Assistant to the President and the President of the Faculty Senate) and the Director of Operations and Support Services in December of each year. This group will be responsible for assessing and prioritizing the University's capital needs and preparing a draft (rolling) 3-Year Capital Budget Plan. The Vice President for Business and Finance and Director of Operations and Support Services will advise the group regarding funding and scheduling for the selected projects.

The draft 3-Year Capital Budget will be reviewed by the Business, Finance and Investment Committee of the Board of Trustees in January of each year as part of the normal budget planning process. A final 3 Year Capital Budget will be reviewed and approved by the Buildings and Grounds Committee and the Board of Trustees at their April meeting for the subsequent fiscal year.

Based upon preliminary approval of the draft 3-Year Capital Budget, the Vice President for Business and Finance will provide a preliminary authorization for the next year's projects by signing off on the Capital Expenditure form by February 28 each year. The Associate Vice President for Business and Finance/Controller will assign a capital project code to be used for all expenditures associated with the approved project. On or before March 1, the preliminary approved form will be forwarded to the appropriate Dean or Vice President, who will then be authorized to begin working with the Director of Operations and Support Services and Facilities management to initiate the necessary planning, construction work or equipment purchase. Final approval of projects will be authorized by May 1 each year. **No contracts or expenditures can be committed until final approval of the project has been received by the Board of Trustees.**

The Director of the Operations and Support Services will work with the Facilities Management Team to oversee each capital project. The DOSS together with the Director of Facilities will determine whether to perform the work internally or hire any outside contractor. When outside contractors are used, Facilities Management will act as the liaison between Drake (the DOSS) and the outside contractor. Only the DOSS or the VP for Business and Finance is permitted to authorize payment to contractors. Any adjustment to a project budget in excess of \$5,000 must be preapproved by the VP for B & F or the DOSS; adjustments in excess of \$25,000 may only be approved by the VP for B&F. Facilities Management is responsible for assuring building code and safety compliance and for conducting inspections and approvals with the contractors and architects.

Approved by Buildings and Grounds Committee of the Board of Trustees, October 2, 2009