

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.25

Policy Name: Federally Sponsored Construction Projects

General Policy and Procedure Overview:

This policy provides guidance to maintain accounting records for all University capital outlays on construction activities funded by external sponsors and to coordinate that funding with Campus Facilities and the Sponsored Programs Office (SPO). These guidelines are consistent with generally accepted accounting principles and are to be followed for all sponsor funded construction remodeling and renovation projects.

Definition of Key Terms:

Award document – Fully executed agreement specifying the terms and conditions of an externally funded sponsored agreement.

Davis Bacon Act - Davis-Bacon Related Acts (the Act), as amended (40 U.S.C. 276a to a-7) - When required by Federal program legislation, all construction contracts awarded by recipients and sub-recipients of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the federal awarding agency.

Federally-owned property – Title to federally-owned property remains vested in the federal government.

Major projects - Projects with a budget greater than or equal to \$100,000.

Minor project - Projects with budget less than \$100,000.

Sponsored Programs Office (SPO) — campus administrative office established to manage administrative duties and monitor compliance for externally sponsored program activity. The administrative name used on each campus is different, while the functions remain the same; SPO is a term used to refer to all four campus offices.

Project Design & Construction (PD&C) - architects and engineers that guide campus clients through complex and difficult project-design/construction processes and oversee the design/construction work of contracted architects and engineers on campus projects.

Detail Policy and Procedure:

Processing a Construction Award

All award notices must be forwarded to the SPO for review, negotiation, execution and setup. The SPO forwards the award notice to the Principal Investigator (PI), General Counsel and other appropriate offices for review and comment.

- The SPO sets up the award budget, milestones and sends a Grant Award Summary to the PI, the department fiscal manager, the department grants specialist, and Campus Facilities.
- The SPO reviews the award document and confirms accuracy and completeness of the award setup.
- Campus Facilities provides the SPO with the ChartField string (facilities construction project) used to record the actual construction expenditures of the award.
- The PD&C manager provides the SPO with the transmittal documents for all required project materials as they are submitted to the funding agency.

After the award is executed, the construction project manager, PI, and SPO meet to discuss terms, conditions, and requirements of the project and ensure individual responsibilities are understood. This process provides assurance of compliance with the terms and conditions of the award, and the accuracy and completeness of information.

The SPO monitors progress on the project and transfers of funds as follows:

- Transfer funds—monthly, at least three business days before the end of each month, either Campus Facilities or SPO will transfer the expenses from the facilities construction project to the award.
- Monthly, the SPO will determine the un-transferred balances in the facilities construction project and in the award for the various construction projects. The SPO will ensure the transfers of expenditures have occurred as noted above and all transfers were made within the period of availability. The SPO will invoice the sponsor or draw from the sponsor as appropriate according to the terms of the agreement.
- Quarterly, SPO post-award management will review and ensure transfers are occurring as outlined above with documentation of the review maintained by the SPO.

Transfers will be made as noted above unless otherwise specified in the award document or by the sponsor.

Transaction Description	Account	Dr	Cr
To record the transfer of expenses from Campus Facilities Project to the grant project	862001 Non Mandatory Transfer Out (grant project)	X	
	391000 Non Mandatory Transfer Out (Campus Facilities Project)		X

The PI is responsible for submitting requests for time extensions to the SPO that will then forward them to the sponsor. The PI or the Campus Facilities project manager is responsible for

submitting non-financial reports to the sponsor. The SPO is responsible for preparing and sending financial reports and invoices to the sponsor.

Davis-Bacon Act Compliance

This Act requires specific wage and hour compliance of the University when it receives certain federal awards. The University has an obligation to document compliance with these requirements and is obligated to report all suspected or reported violations to the federal awarding agency. To assure compliance with this Act,

- Campus Facilities will perform a review of all bid proposals and contracts issued under each construction award to ensure the appropriate requirements of the Act were included.
- The System Prevailing Wage Coordinator will review the files, bid proposals and contracts or compliance documentation maintained by Campus Facilities and the contractor each quarter to ensure compliance with the Act.
- The System Prevailing Wage Coordinator will prepare an annual report listing all subject projects, the respective contracts issued, and the compliance status.

Records Retention

The records for construction awards are retained by the University as specified in the award document. In most instances, the required document retention time for construction projects will exceed the standard retention time for sponsored project documents. In some cases, the required retention time may extend throughout the depreciable lifetime of the product of the construction. It is critical that such exceptional document retention lifetimes be clearly noted when documents are filed for long-term storage.

Responsibilities

System Prevailing Wage Coordinator

- Conduct quarterly review of files maintained by Campus Facilities to ensure the required reviews of the contractors' payroll records have been completed.
- Prepare an annual report listing all subject construction projects, the contracts issued under each, and the Act's compliance status.

Controller's Office

- Monitor compliance with the Act.

Campus Facilities Project Manager

- Submit required reports to the SPO.
- Ensure compliance with terms, conditions (including flow-through requirements to construction contractors), and requirements of the award and individual responsibilities have been communicated and assigned.
- Perform a quarterly review of the bid proposals and contracts issued under each construction award to ensure the appropriate requirements of the Act have been included.

PI

- Ensure compliance with terms, conditions, and requirements of the award and individual responsibilities have been communicated and assigned.

- Submit any required non-financial reports to the sponsor and coordinate submittal with SPO.
- Monitor project status and submit requests for time extensions.

SPO

- Set up the award, including any cost share funds budgets.
- Issue and send a Grant Award Summary to the PI, the department fiscal manager, the department grants specialist, and Campus Facilities.
- Review all modifications or amendments and ensure the changes are set up accurately.
- Ensure compliance with terms, conditions, and requirements of the award and individual responsibilities have been communicated and assigned.
- Monitor progress on the project and make timely transfer of expenditures (or coordinate with Campus Facilities).
- Prepare and send required financial reports and invoices to the sponsor.
- Review the award document to ensure all terms and conditions, required reports and due dates are established in the financial system.
- Receive and process requests for time extensions and communicate appropriately to the sponsor.
- Perform a quarterly review to ensure transfers are occurring as outlined in this policy.

Effective Date: July 1, 2007

Revised Date: July 16, 2008

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.