Title: Procedures for Financial Management of Fixed Capital Outlay Projects

Related Policy: FDJJ - 1390

I. DEFINITIONS

Allocations – Overall amounts appropriated to particular facility services categories (i.e., new construction, maintenance and repairs).

Allotments – Allocations broken down by specific projects.

Buildings – Permanent structures used to house persons and property owned by a governmental unit. This includes all permanent buildings and fixtures attached to and forming a permanent part of such buildings.

Capitalization of Construction Work-in-Progress (CWIP) Document - The document used to reclassify Construction Work-in-Progress to the appropriate fixed asset General Ledger Code. (See Attachment 1).

Construction Work-in-Progress - The cost of construction work undertaken but not yet completed.

Contracted Services – Funds appropriated in the Special Category - Grants and Aids – Contracted Services appropriation category for goods or services that are directly related to the custody and care of clients. Per Florida Statute 985.69 Repair and maintenance funding for juvenile justice purposes.—Funds from juvenile justice appropriations may be used as funding for juvenile justice purposes that include, but are not limited to, remodeling or renovation of existing facilities, purchase of equipment and furniture, site development, and other necessary and reasonable costs associated with the repair and maintenance of facilities or programs.

Expenses – The appropriation category used to fund the usual, ordinary, and incidental expenditures by the agency, including such items as contractual services, commodities, and supplies of a consumable nature, current obligations, and fixed charges, and excluding expenditures classified as operating capital outlay. Payments to other funds or local, state, or federal agencies may be included in this category. This may include travel expenses; water and other utilities; copying costs and other incidental costs.

Funds appropriated in the Expenses appropriation category for those costs incurred by staff in fulfilling their administrative duties and responsibilities.

Fixed Capital Outlay (FCO) – The appropriation category used to fund real property (land, buildings, including appurtenances, fixtures and fixed equipment, structures, etc.) including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use and including furniture and equipment necessary to furnish and operate a new or improved facility, when appropriated by the Legislature in the fixed capital outlay appropriation category.

The construction of any building; improvements to a building that will contribute to increasing the building’s value; the addition to a building; the purchase or construction of a permanent modular building; a major
renovation in which the remodeling results in an increase to the total market value of the building; and adding a new feature to a building or site that will increase the market value of the property and building.

This includes: Architectural and Engineering (A&E) costs associated with FCO as defined above; impact fees; permits; furniture and equipment that is included in the FCO appropriation or construction contract; all construction costs; sidewalk additions; and new or fence additions.

This does not include: A&E costs associated with repairs and maintenance; replacement roofs, fences, sidewalks and like items; repairs/renovations/maintenance that does not result in an increase to the total market value of the building and does not increase the useful life of the building greater than 1 year. **FLAIR** – The Florida Accounting Information Resource (FLAIR) System (formerly SAMAS) is the official electronic/computerized bookkeeping and accounting record system for the department and the state.

**FMIS** – The Financial Management Information System (FMIS) is a Department of Juvenile Justice (DJJ) internal accounting system that includes FLAIR data. The FMIS system is used to generate internal management finance and accounting reports.

**Furniture and Equipment** – Tangible property of a more or less permanent nature, other than land or buildings, or improvements other than buildings. Examples are machinery, tools, trucks, cars, furniture, and furnishings.

**Improvements Other than Buildings** – Permanent improvements, other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges.

**Land** – The solid ground of the earth whose boundaries, areas, or elevations are marked by a licensed surveyor. Generally referred to as real estate or real property.

**Property Schedule** – The official Department of Financial Services insurance certificates for DJJ. These documents list all of DJJ insured property statewide (both state owned buildings and contents).

**Repairs and Maintenance** – The work performed on a building to repair, replace or renovate any part of the building or site, including, but not limited to repair, renovation or replacement of roofs, structure, walls, floors, fences, sidewalks. This includes heating, ventilating and air-conditioning systems (including equipment, ductwork, and controls), plumbing, electrical, fencing, kitchen equipment, security systems, or any other portion of a building or site which requires repair, replacement or renovations to ensure life safety, code compliance, or usability of the building and does not add value to the building.

## II. STANDARDS/PROCEDURES

**A. Establishment of Allocations and Modifications of Allotments:**

1. **Notification of Budget Allocations**
   
   a. The Budget Office will notify the appropriate Assistant Secretaries and Facility Services Section of the amount of new Fixed Capital Outlay (FCO) funds appropriated to DJJ by the Legislature.
b. By July 1 of each fiscal year, a spreadsheet will be produced by the Budget Office (with input and technical assistance from The Facility Services Section as necessary) that identifies all new FCO funding, including detail by appropriation category, fund name, source of funds, and a brief description of the purpose of the appropriation. The spreadsheet will be the initial FCO budget for Facility Services projects.

2. Project Allotments
   a. If project specific allocations are not specified by the Legislature in the Appropriations Bill, the Budget Office will request the appropriate program area Assistant Secretary (i.e., Residential, Detention and Probation) and The Facility Services Section to assist in developing proposed project priorities and allocations using the budget allocation information provided.
   b. The Budget Office will include information regarding General Revenue match requirements including furniture and equipment purchases, in the project allocation request.
      i. The appropriate program area Assistant Secretary (i.e., Residential, Detention and Probation), the Director for Administrative Services, and the Deputy Secretary will approve the projected priorities and allocations.
      ii. The Budget Office will notify the appropriate Assistant Secretaries, the Bureau of Finance and Accounting, and The Facility Services Section about new construction and maintenance and repair allotments.

3. Establish Project Titles/FLAIR Codes
   a. Upon approval of FCO project priorities and allocations the Budget Office forwards the list of projects to Finance & Accounting, identifying appropriation category, fund name, and source of funds.
   b. The Bureau of Finance & Accounting will establish project numbers, project titles, organization codes, and expansion options.

4. Record Allotments in FLAIR
   a. The Bureau of Finance & Accounting will notify the Budget Office when the project numbers, project titles, organization codes, and expansion options have been established and forward the approved list of FCO projects and allocations.
   b. The Budget Office will record the allotments within five (5) working days, once information is received from the Bureau of Finance and Accounting.

5. Reconcile Allotments
   a. The initial FCO allotments will be reconciled by the Budget Office with assistance provided as necessary by the Bureau of Finance and Accounting and the Facility Services Section.
   b. The purpose of the reconciliation is to ensure that the amounts in FLAIR are correct and agree with appropriation category, fund and project totals.
c. Once the FCO allotments have been completed, the Budget Office will notify the appropriate Assistant Secretary, the Bureau of Finance and Accounting, and the Facility Services Section.

6. Modifications of Allotments
   a. The Deputy Secretary approves allotment changes except for reduction in the project allotment due to project being completed under budget.
   b. The Budget Office will record initial FCO project allotments in FLAIR by organization code and project number.
   c. The Budget Office will review and record the approved allotment changes to FLAIR and forward the information to the Bureau of Finance & Accounting.
   d. The Facility Services Section may request changes using the Project Funding Certification Form (See Attachment 2) indicating the requested allotment change(s) by organization code and project number.
   e. The Facility Services Section forwards this request to the Budget Office.

B. Requests For Additional Appropriation Releases:

The Governor’s Office reviews and approves agency requests for releases of appropriations for FCO projects.

1. The Facility Services Section reviews FLAIR reports quarterly or semi-annually to determine if current release balances are sufficient to pay invoices for new construction and maintenance and repair FCO projects. Requests for additional releases are forwarded to the Budget Office for review.

2. The Budget Office reviews release requests and prepares a release request if appropriate. The request is forwarded to the Director for Administrative Services or their designee for approval.

3. The Director of Administrative Services approves all requests for additional releases of appropriations for FCO projects.

4. The Budget Office prepares the necessary release request and documentation for submittal to the Governor’s Office for review and approval.

C. Fund Transfers Between Projects – Agency Authority:

Transfers of funds between projects are allowable without the Governor’s Office approval under limited conditions.

1. The appropriate Assistant Secretary or their designee and The Facility Services Section shall identify the need to transfer funds between projects.

2. The Facility Services Section reviews the request to assess the extent that the request addresses the identified facility related problem in a cost effective manner, project cost estimates, project completion timeframes, project feasibility, and provides other technical assistance as necessary.
3. The appropriate Assistant Secretary shall approve the initial request for transfer of funds between projects.

4. The request will identify the amount of funds to be transferred, the appropriation category, appropriation year, fund name, organization code, expansion option, project numbers, and justification narrative.

5. The request is forwarded to the Budget Office for review.

6. Requests will be processed using the following criteria and guidelines:
   a. The transfer is between two new or existing projects within the same appropriation category and year, and the funding is obligated within the first eighteen (18) months of the original appropriation date.
   b. The project transfer is within the same budget entity and is needed to provide for a critical life, health, or safety need, (with the exception of Repairs and Maintenance, which is generally appropriated in the Detention entity for the entire Department).

7. The Budget Office reviews requests for compliance with legislative intent and other required criteria (appropriate use of funds by fund source).

8. The Deputy Secretary shall approve requests to transfer funds between projects.

9. The Budget Office will forward approved allotment transfer requests to the Bureau of Finance and Accounting.

10. The Bureau of Finance and Accounting will establish and update organization codes or project numbers in FLAIR as necessary.

11. Allotment changes will be recorded in FLAIR by the Budget Office within three (3) working days, or when organization codes or project numbers have been set up or updated by the Bureau of Finance and Accounting.

12. The Budget Office will notify The Facility Services Section that allotments have been setup.

D. Fund Transfers Between Projects Requiring Governor’s Office Approval:

1. The appropriate Assistant Secretary or their designee and The Facility Services Section shall identify the need to transfer funds between projects.

2. The Facility Services Section reviews the request to assess the extent that the request addresses the identified facility related problem in a cost effective manner, project cost estimates, project completion timeframes, project feasibility, and provides other technical assistance as necessary.

3. The appropriate Assistant Secretary may request the transfer of un-obligated funds from one completed project to another.
4. The appropriate Assistant Secretary will approve an initial transfer request using a Project Certification Form for transfers prepared by their designee.

5. The request will identify the amount of funds to be transferred, the appropriation categories, appropriation years, fund name, expansion options, project numbers, and justification narrative.

6. The form is then forwarded to the Budget Office for processing.

7. Requests will be processed by the Budget Office and forwarded to the Office of the Governor, if appropriate, under the following criteria and guidelines:
   a. There must be a compelling critical health, life safety, or security issue needed to justify the request.
   b. Transfers of funding between appropriation categories or years are not allowed unless there are un-obligated funds from a completed project.
   c. Transfers of funding between projects after the February 1 reversion deadline are not allowed.

8. Approval of the request by the Deputy Secretary is required.

9. The Budget Office will review the request for compliance with the above-required criteria, and if approved by the Deputy Secretary, then a Budget Amendment Request will be submitted by the Budget Office to the Office of the Governor.

10. The Budget Office will notify the appropriate Assistant Secretary, Bureau of Finance and Accounting, and The Facility Services Section when approval by the Office of the Governor has occurred.

11. Allotment changes will be recorded in FLAIR by the Budget Office within three (3) working days of the Governor’s office approval, and when organization codes or project numbers have been updated by the Bureau of Finance and Accounting.

E. Reversion Analysis and Reporting:
   1. Notification
      a. The Budget Office will notify the appropriate Assistant Secretaries and The Facility Services Section by December 1 of each year of the February 1 deadline to spend or obligate prior year Fixed Capital Outlay appropriations.

2. Analyze FLAIR Information
   a. In mid-January the Budget Office will print a Life-To-Date Schedule of Allotment Balance FLAIR Report.
   b. The Budget Office budget analyst will review the report and identify project allocations with any unencumbered balances.
   c. The FLAIR report and highlighted information will be forwarded to The Facility Services Section for their review.
3. Budget Obligations
   a. The Facility Services Section will review FLAIR to determine that the FCO budget is appropriately obligated and encumbered in FLAIR by January 31.

4. Final FLAIR Report
   a. On February 1, the Budget Office will print a Life-To-Date FLAIR report that will be used to finalize the reversion report.

5. Prepare OPB Reversion Spreadsheet
   a. The budget analyst in the Budget Office will use the final FLAIR report to update the Office of the Governor’s Spreadsheet.
   b. Actual allotments, life-to-date, expenditures and encumbrance balances information from the February 1 FLAIR Schedule of Allotment Balances report will be the basis for the reversion of un-obligated FCO funds.

6. Approval of Reversion of FCO Funds Report
   a. The Budget Office will forward the reversion report to the appropriate Assistant Secretaries and The Facility Services Section for review prior to submission to the Deputy Secretary for approval and the Office of the Governor.
   b. The appropriate Assistant Secretary or their designee and The Facility Services Section shall complete their review of the final reversion report.
   c. The final reversion report is reviewed and approved by the Deputy Secretary and submitted to the Office of the Governor for their review and approval.
   d. The Office of the Governor reviews and approves the reversion of FCO funds. The Department of Financial Services updates their FLAIR records for approval of budget and releases.

F. Construction Work-in-Progress Responsibilities:

1. All FCO disbursements, unless the payment is related to minor repair and maintenance as indicated by The Facility Services Section on their payment request, shall be recorded by the Bureau of Finance & Accounting with a General Ledger Code that equals 27800 (Construction Work in Progress).

2. All FCO related disbursements, unless the payment is related to minor repair and maintenance as indicated by the Facility Services Section on their payment request, shall be recorded by the Bureau of Finance & Accounting with the BPIN equal to the last eight (8) digits of the Project ID.

3. Purchasing Card Transactions:
   a. For Purchasing Card (p-card) transactions related to minor repairs and maintenance projects, The Facility Services Section will ensure that the p-card receipt states “Non CWIP.” The
Bureau of Finance and Accounting shall then ensure that the property item number is not input into FLAIR.

b. For Purchasing Card transaction unrelated to minor repairs and maintenance projects (major construction projects), The Facility Services Section will ensure that the p-card receipt states “CWIP.” The Purchasing Card Approver in the Bureau of Finance and Accounting shall ensure the property item number equals the last eight (8) digits of the organization code/Project ID. In effect, this ensures these expenditures are capitalized and included in the FLAIR Property Master File.

4. The amounts reported for a project on the Capitalization of Construction Work-in-Progress document that are to be reclassified from Construction Work-in-Progress equals the life-to-date expenditures in FLAIR for the project in the Construction Work-in-Progress General Ledger Code. Once the amounts have been verified to FLAIR, the Capitalization of Construction Work-in-Progress document will be forwarded to the Property Management Office of the Bureau of General Services.

5. The Facility Services Section shall ensure that any payment documents presented to the Bureau of Finance and Accounting related to minor repairs and maintenance projects are identified as such to prevent capitalization of the expenditures. An indication shall be reflected on the routing slip (See Attachment 3), which shall be attached to the payment document identifying that the expenditures should not be classified to the Construction Work-in-Progress General Ledger Code (27800), but charged in the Fixed Capital Outlay General Ledger Code (72200), and no item number is recorded for the expenditure.

6. The Facility Services Section shall prepare and present a Capitalization of Construction Work-in-Progress document to the Bureau of Finance and Accounting for completed projects within 120 days after the beginning of the warranty period of the project. The document must balance to the life-to-date expenditures in FLAIR for the project. The document must identify the appropriate fixed asset general ledger code (Land, Buildings, Furniture and Equipment, etc.).

7. The Bureau of General Services, Support Services Section shall review all items on the FLAIR Property Pending File that were purchased from a purchase order for the appropriate general ledger code, which must be transferred to the FLAIR Property Master File within fifteen (15) days after the item(s) have been paid. Property tags should be assigned as appropriate at this time.

8. The Bureau of General Services, Support Services Section shall, within fifteen (15) days of receipt of the Capitalization of Construction Work-in-Progress document, reclassify amounts on the FLAIR Property Master File to the appropriate fixed asset general ledger code for FCO project expenditures based on the Capitalization of Construction Work-in-Progress document. Property tags should be assigned as appropriate.

G. Insurance Reporting Responsibilities:

1. The Department of Financial Services (DFS) Coverage Request Form (See Attachment 4) identifying the building construction costs and equipment costs shall be submitted by the
Facility Services Section to the Support Services Section within five (5) days of receipt of the substantial completion notification from the contractor. The Support Services Section will establish a new location code within five (5) days of receipt of the DFS Coverage Request Form. The DFS Coverage Request Form will be forwarded to DFS to be added to the DJJ Property Schedule.

2. Within fifteen (15) days of final completion of the renovation of an existing rooftop, the Facility Services Section shall complete the DJJ Insurance Change Form (See Attachment 5) to reflect the total construction cost and furniture and equipment amount to be insured for each rooftop, and forward the form to property management staff within the Support Services Section.

3. Property management staff within the Support Services Section will review the DFS Coverage Request Form provided by the Facility Services Section and forward it to the Bureau of Risk Management in the Department of Financial Services within five (5) working days. The Department of Financial Services, Bureau of Risk Management will provide the DJJ Property Schedule to the DJJ Property Management Office.

4. After receipt of DJJ Insurance Change Form reflecting the total construction cost and furniture and equipment amount to be insured for the completed construction or renovation of an existing building, the property management staff will review the form and annotate the amount changed on the DJJ Property Schedule and forward it to the Bureau of Risk Management for update. The Bureau of Risk Management will forward an updated copy of the Property Schedule reflecting the changed amount for the building. The Property Management Office will review the updated copy to ensure it reflects the changes requested.

H. Approved Legislative Budget Required:
Request for contracts, purchase orders, or expenditures shall not be made for Fixed Capital Outlay without an approved Legislative appropriation.

I. Fixed Capital Outlay Funded Projects:

1. The Bureau of Finance & Accounting shall maintain official DJJ financial records for FCO in FLAIR. Payment vouchers shall include all invoices processed for payment.

2. The Bureau of Finance & Accounting shall maintain project files including authorizations, contracts, and change orders.

3. The Bureau of Finance & Accounting shall review all expenditures from the FCO and Expenses appropriation categories to ensure they adhere to the definitions above.

J. Processing FCO Invoices:

1. The Bureau of General Services, Facility Services Section must provide the following information to the Bureau of Finance & Accounting to process FCO invoices:
   a. Two copies of the executed contract submitted with the first payment request (one copy is for Finance & Accounting files, and the other is forwarded by Finance & Accounting to DFS).
b. Procurement information (Method of procurement, i.e., Request for Proposal, Sole Source, Bid Tabulation Sheet, etc.) shall be submitted with the first payment. For all federally funded projects, suspension/debarment certifications are to be obtained from contractors during the selection process.

c. Project Manager’s approval on each invoice, including project identification number.

d. Original invoice and two copies (one copy is sent by Finance & Accounting to DFS and the other to the vendor with their payment).

e. FLAIR Organization Code/Project ID, Expansion Option, Category and Contract Number.

f. Federal Employer Identification number (vendor number) or FLAIR Account Code for Journal Transfers between agencies.

g. Routing approval slip attached to each invoice indicating approval of the invoice.

h. Appropriate supporting documentation, i.e., travel vouchers, copies of receipts for purchases, and checks.

III. RESPONSIBILITY AND DUTIES

A. Bureau of General Services, Facility Services Section

1. The Bureau of General Services, Facility Services Section is responsible for providing consulting and technical assistance services relating to new construction and maintenance and repairs to other entities in the Department and private providers when needed.

2. The Facility Services Section is responsible for procuring, tracking, and coordinating construction work in progress as appropriate; assessing conditions of DJJ facilities to identify needs for agency Legislative Budget Requests (LBR’s); and assessing the values of DJJ facilities for insurance purposes.

B. Budget Office

1. The Budget Office is responsible for revenue and budget management, which includes tracking Legislative Appropriations, budget allocations, budget transfers, and ensuring that funds are allocated consistent with legislative intent.

C. Bureau of Finance and Accounting

1. The Bureau of Finance and Accounting is responsible for managing all finance and accounting matters and the FLAIR and FMIS Systems relating to facility services issues.

D. Appropriate Assistant Secretary and Deputy Secretary

1. The appropriate Assistant Secretary for program areas that have facility services needs are responsible for generating requests for new construction and maintenance and repairs (i.e. Residential, Detention and Probation).

2. The Deputy Secretary approves funding priorities and allocations.
3. The Director for Administrative Services shall approve budget transfers for new construction and repair and maintenance issues.

IV. ATTACHMENTS

Attachment 1 – Construction Work In Program (CWIP) Capitalization Summary
Attachment 2 - Project Funding Certification
Attachment 3 - Facility Services Approval Routing Slip
Attachment 4 - Coverage Request Form
Attachment 5 - Insurance Change Form