

FAP 220-18-00
CAPITAL PROJECT ACCOUNTS CLOSING PROCESS

A state agency or university shall execute the process in this policy to close a capital construction project account, in accordance with KRS 45.770(4), to facilitate the transfer of moneys constituting the available balance in a project account to the proper account.

1. Definitions:
 - a. "Beneficial occupancy" means the date an agency can take possession of or occupy a facility for its intended purpose.
 - b. "Division" means the Finance and Administration Cabinet, Department for Facilities and Support Services, Division of Engineering and Contract Administration.
 - c. "GOPM" means the Governor's Office for Policy and Management.
 - d. "Project has been accepted by the Commonwealth" and "project acceptance" mean the date one (1) year after the actual date of beneficial occupancy, as certified by the Division. This coincides with the standard one (1) year construction warranty period.
 - e. "Quarterly Report" means the Division of Engineering and Contract Administration's Quarterly Capital Construction Report.
2. A capital construction project account shall be closed within thirty (30) days of project acceptance, in accordance with KRS 45.770(4). A state agency or university shall close a capital construction project account within thirteen (13) months from the date of beneficial occupancy, unless GOPM and the Division grant an extension of time.
3. The Division shall modify the Quarterly Report to reflect the estimated completion date and the actual date of beneficial occupancy for each project. The Division shall formally notify the agency of the actual date of beneficial occupancy for each agency project.
4. The Division shall publish the most current Quarterly Report to a network or Internet location accessible by all agencies. An agency shall monitor its capital construction projects as they approach the thirteen (13) month closing deadline. An agency shall either initiate the documents to close a project in a timely manner or provide sufficient written justification for approval to allow the project account to remain open beyond the closing deadline.
5. If circumstances prevent project closure within the thirteen (13) month closing period, the agency shall provide written justification for the delay to GOPM and the Division. If a delay in closing the project is approved, this information shall be listed in the comments section of the Quarterly Report addendum.
6. The Division shall create an addendum to the Quarterly Report to contain:
 - a. A listing of projects that have reached the thirteen (13) month closing deadline;
 - b. Status of each project;
 - c. The remaining balance of project funds if the project has not been closed; and
 - d. Comments explaining miscellaneous project information or the reason the project has not been closed.

7. Agency officials shall be prepared to appear before the Capital Projects and Bond Oversight Committee to explain the circumstances that require a project to remain open after the thirteen (13) month closing period.