

**FAP 220-18-00 CAPITAL
PROJECT ACCOUNTS CLOSING PROCESS**

1. Definitions:

- a. "Substantial Completion" means the point at which, as certified in writing by the Architect-Engineer, the Project is at a level of completion in strict compliance with the Contract. Approvals by public authorities have been given such that the Using Agency can enjoy beneficial use or occupancy and can use, operate and maintain it in all respects, for its intended purpose. Partial use or occupancy of the Project shall not result in the Project being deemed substantially complete and such partial use or occupancy shall not be evidence of Substantial Completion. Typically warranties start on the date of Substantial Completion.
 - b. "GOPM" means the Governor's Office for Policy and Management.
 - c. "Project has been accepted by the Commonwealth" and "project acceptance" means the date one (1) year after the actual date of Substantial Completion, as certified by DECA. This coincides with the standard one (1) year construction warranty period.
 - d. "Quarterly Report" means DECA'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(5). 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 DECA grant an extension of time.
 3. DECA shall modify the Quarterly Report to reflect the estimated completion date and the actual date of beneficial occupancy for each project. DECA shall formally notify the agency of the actual date of beneficial occupancy for each agency project.
 4. DECA 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 DECA. If a delay in closing the project is approved, this information shall be listed in the comments section of the Quarterly Report addendum.
 6. DECA 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.

Relates to: KRS 45.770(5)