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Overview

Introduction   Capital Outlays are those appropriated or reappropriated amounts, as listed in *Part 2: Capital Project Expenses* of the Appropriation Act. Capital Outlay is used to acquire, construct, maintain and/or improve capital assets of the Commonwealth. However, Capital Outlay may be established for any item so authorized by the General Assembly. Capital Projects are defined and discussed in Section 4-4.01 of the Appropriation Act

Policy   The Commonwealth's Accounting and Reporting System, Cardinal, has the capability to account for Capital Outlay at several detail levels for agency management. It is mandatory that all Capital Outlay be accounted for at the Project ChartField level. In Cardinal, Capital Outlay projects have a Summary Project (used for Budgeting purposes only and cannot be used on ACTUALS transactions) and at least one Detail Project that rolls up into the Summary Project. The Summary Project defines the financial control at the appropriation level. Different Detail Projects could be used to track the various phases of a project.

The Summary Project value will start with a "C" followed by a preassigned number from the Department of Planning and Budget (DPB). Detail Projects are a ten-digit auto-numbered value. An exception to the auto-numbered Detail Project value are the Detail Projects set-up during conversion from the previous Commonwealth Accounting and Reporting System, CARS, to the current system, Cardinal. These Detail Projects were set-up with an agency-specific 3 character alpha value followed by the DPB preassigned number. For example, a DPB Capital Project with the number 12345 for the Department of Accounts would have a Summary Project value of C12345 and a Detailed Project value of DOA12345 at the time of conversion. Both the Summary and Detail Project ChartFields for Capital Outlay are centrally controlled elements. If an agency wishes to add a Summary or Detail Capital Outlay Project in Cardinal a request must be submitted to the Department of Accounts, General Accounting Unit, at gacct@doa.virginia.gov.

In addition to the Project ChartField, the Task ChartField is an optional value in Cardinal that can be used to further define activities related to individual projects for more detailed management control. The Task ChartField is an agency controlled element that can be up to six digits. When coding transactions with Capital Outlay project information, the program is always 998000 for ACTUALS entries, with the exception of fixed assets accounts where the program is 9980999. The Budgetary Only Program is 9980 for Appropriation, Allotment, and DPB Operating Plan Budgets. The Detail Project ChartField must be used for all ACTUALS transactions relating to a Capital Outlay project.

Procedures

Assignment of Project and Task to a Capital Outlay Project

A Capital Outlay project number is the number relating all financial activity for a given Capital Outlay appropriation. Capital Outlay project numbers are assigned in relation to the activity on which there is to be financial control. In most cases, a project number is established by definition of a line item in the Appropriation Act. Two examples of situations that affect the establishment of Capital Outlay projects follow:

1. A singular construction project may be funded by a number of separate appropriations (original and subsequent). In this case, financial data is controlled through the use of **one** Summary Project number with **one** associated Detail Project number assigned for the life of the project regardless of the fiscal year or biennium. The appropriation and allotment control always remains at the one Summary Project number.

2. One appropriation may be used to fund several construction projects. Each construction project requires written approval from the Governor, or his designee, on a CO-2 Form, "Authority to Initiate Capital Outlay Project," thus establishing each as a separate unit with a fixed operating budget on which project management and control is maintained. While it is necessary to manage each construction project separately, it is also imperative to maintain control on the lump sum of the appropriation, necessitating the use of only one summary project number in Cardinal.

   For example, smaller jobs, such as a roof repair and other renovations, may be appropriated in one lump sum but affect several buildings. The cost is not sufficient to maintain financial control on each building through assigning separate summary project numbers. There are two methods that agencies can utilize to enable them to track each subproject at a more detailed level:

   a. The agency could choose to break out each Summary Project into multiple Detail Project numbers, with each Detail Project number tracking each building's costs separately.
   b. The agency could choose to maintain one Detail Project number with a break out under the Detail Project number through the use of the Task ChartField.

Based on the above examples, there may be a need to record Capital Outlay projects in lower levels of detail. The Summary Project level defines the financial control at the appropriation level. The break out of a project to identify separate sets of capital outlay documents is defined at the Detail Project number, and, optionally, Task.

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Procedures, Continued

Assignment of Project and Task to a Capital Outlay Project, continued

Thus, for each example, the table below shows how the elements of information would be defined in Cardinal.

Example	Summary Project No.	Detail Project No.	Task
(1)	C12345	1234567890	
(2a)	C18038	0000105078	
		0000105519	
(2b)	C18038	0000105078	000001
			000002

The following screen print from Cardinal depicts the example of (2a) above, where Detail Project numbers 0000105078 and 0000105519 roll up under the same Summary Project number C18038 in the Project Budget Tree. In this manner, the Detail Project values are tied to the Summary Project.

Procedures, Continued

Assignment of Project and Task to a Capital Outlay Project, continued

When requested and approved by DPB, project appropriation and allotment control can be split by establishing another Summary Project number and transferring funds from the original Summary Project number. If an appropriation transfer is made from an existing Summary Project number to establish a new number, then the newly established project stands alone for financial control and reporting. In Cardinal reports, the new Summary Project number will not be reported with the original appropriation from which it was created. An audit trail is established by the transfer and, therefore, the appropriation origin of all projects can be traced.

Note: Agencies should ensure that they request the addition of a Summary or Detail Capital Outlay Project in Cardinal by sending a request to the Department of Accounts, General Accounting Unit, at gacct@doa.virginia.gov.

Expenditure Coding

Disbursement requests are submitted using the same process as any other expenditure transactions. (See CAPP Topic No. 20310, *Expenditures*.) Capital outlay project expenditures **require** program code '998000' and use of the Detail Project number.

Agency Budget Structures

The Agency Project Budget Structure is available in Cardinal for agency use to create a Project level budget and, optionally, at a Task and Department level as well. These types of budgets are optional, but would allow an agency to compare actual expenditures to the planned amounts by Project and Task and/or Department. Approved change orders affecting the original budget will require updates to the budget. The total of the budgeted items at all levels should not exceed the amount fixed for the project plus any change order adjustments. (See CAPP Topic No. 20110, *Statewide and Agency Budgets*.)

Project Reporting

Numerous reports, queries and inquiries are available in Cardinal to analyze Capital Outlay project related transactions. Refer to the Cardinal *Reports Catalog* for descriptions of these reports and the navigation paths in the system to access and run them.

Internal Control

Internal Control

Agencies should implement procedures to ensure that internal controls for capital outlay projects are maintained. Agencies should review the requirements described in the Act and implement procedures to ensure compliance. They should also review the requirements of the Department of Planning and Budget and the Department of General Services.

Records Retention

Time Period

For Federal funds, agencies should maintain records in accordance with applicable Federal regulations. Otherwise, agencies should maintain records at least three years, or until audited by the Auditor of Public Accounts (APA), or Federal auditors. See CAPP Topic No. 21005, *Records & Retention*.

DOA Contact

Contact

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Subject Cross References

References

CAPP Topic No. 20110, *Statewide and Agency Budgets*

CAPP Topic No. 20310, *Expenditures*

CAPP Topic No. 21005, *Records & Retention*

Refer to suggested job aids and training information for data entry and processing on the Cardinal website: http://www.cardinalproject.virginia.gov/

Suggested Job Aids

The following resource can be found on the Cardinal Project web page, under Resources > Reports Catalog and select: Agency = Statewide, Application = SW_Financials, Module = SW_General Ledger:

Reports Catalog

Additional job aids and training materials may be available on the Cardinal website.