












<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC</b>	<b>31210-LAS Plus</b>
<b>Section No. 31200—Lease Accounting</b>	<b>TOPIC</b>	<b>Economic Analysis</b>
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## Procedures, Continued

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**Long-term  
Lease:  
Approval  
Process**


If an agency is planning to pursue a long-term lease contract, the agency is responsible for performing appropriate lease analysis **prior** to entering into a lease contract. Agency fiscal personnel should review the current Appropriation Act, Part 4 - General Provisions, to familiarize themselves with the legislative requirements. The fiscal personnel should then contact DOA to discuss the proposed lease situation. Since each potential lease contract will be unique, DOA will assist the agency in identifying the information required to be submitted to DOA on a case-by-case basis. In most instances, agencies or higher education institutions must obtain Treasury Board approval before entering into a long-term lease contract.

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**Unfavorable  
Lease Terms**

If the above analysis indicates the terms of the proposed lease are unfavorable, i.e., stated interest rate is high and/or title does not pass, the agency may elect to proceed with the lease contract. In such cases, this requires approval in writing from the agency head or other responsible person to whom this authority has been delegated.

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## Internal Control

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### General

Each agency and institution should implement cost-beneficial, internal control procedures to ensure that:

- Procedures exist indicating when an economic analysis should be performed.
  - Every effort is made to obtain favorable rates of interest in the lease or installment purchase.
  - Agency head or designee approval is obtained for all leases shown to have unfavorable terms.
  - Interest rates are compared to incremental borrowing rates and Treasury Board Financing Program rates.
  - Treasury Board approval is obtained for alternative financing arrangements for items exceeding prescribed limits.
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## Records Retention

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### General

Records should be maintained for a period of at least three years or longer, if necessary, to be in compliance with policies established by the Records Management Section, The Library of Virginia. The retention period generally starts at the close of the fiscal period.

For pending, ongoing or unresolved litigation, audits or claims, retain documentation until completion, resolution or negotiation of settlements and retain according to standard schedules. Provide for the periodic destruction of records not subject to permanent deposit in accordance with policies and procedures established by the Records Management Section, Virginia State Library and Archives.

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## DOA Contact

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### Contact

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## Subject Cross References

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### References

CAPP Topic No. 31205-LAS Plus, *Introduction*

CAPP Topic No. 70605-LAS Plus, *Input Documents*

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