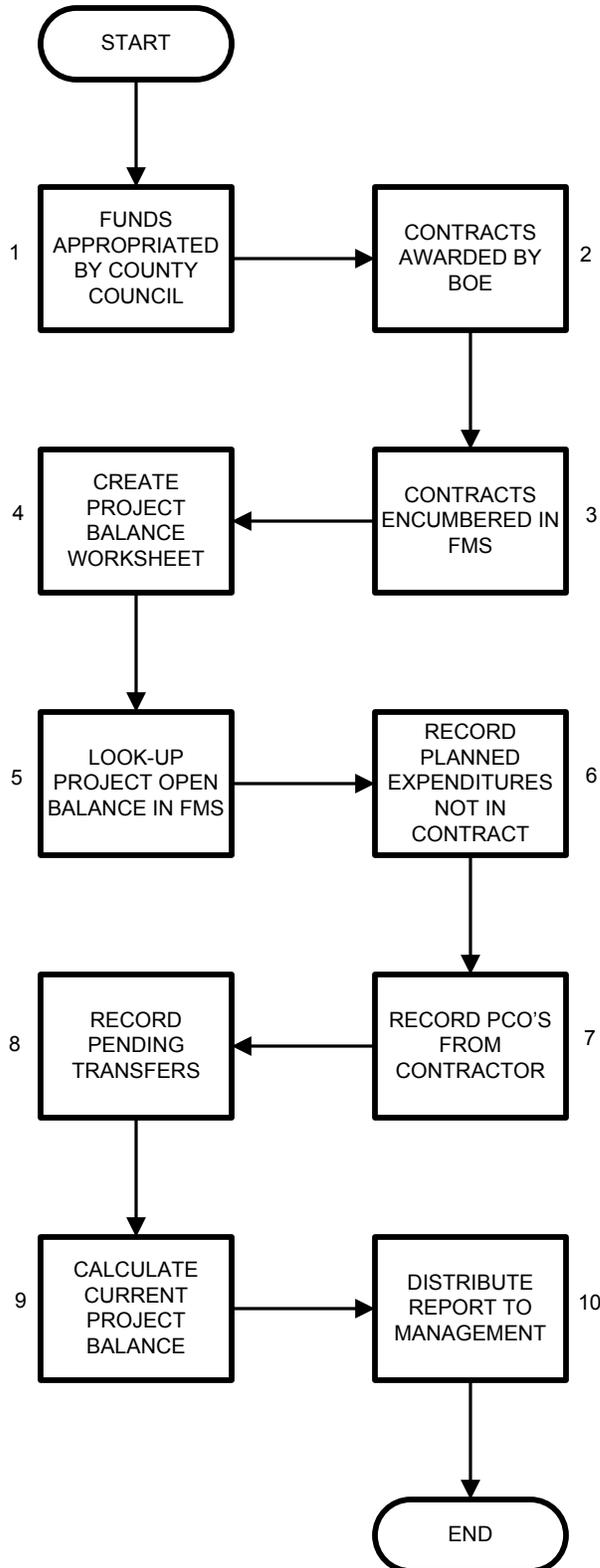


CIP Financial Monitoring Process



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Due to timing of occurrences, it is necessary to monitor capital project balances to ensure the project is not over-expended. Even though the contracts are encumbered, the lag time for changes orders to the project is significant. In addition, other planned expenditures for additional contracts and items that are not purchased until the final stages of construction must have funds set aside. It is necessary to track these items as well as the amount of potential change orders (PCO's) that may be approved before the project is finished.

1. Typically, County Council appropriates all planning funds for a capital project in the first fiscal year of the project. All construction funds are appropriated in the fiscal year in which construction is to begin and funds for the furniture and equipment are appropriated, the year before the project opens.
2. Contracts are awarded by the Board of Education.
3. While in the planning phase, design contracts are encumbered and amended as necessary on a timely basis, so the Financial Management System (FMS) will have an accurate project fund balance. The construction contract is encumbered in FMS, but other tasks that affect the project balance cannot be encumbered until the contracts or final change orders are approved.
4. The Fiscal Team creates a separate spreadsheet in one workbook saved as "Project Balances" for each project showing the project appropriations, allowances, contracts, uncontracted items, and (PCO's) to enable reporting of approximate project balances to management on a monthly basis. The workbook is saved on the financial drive (Z) that is accessible to the Fiscal Team and Assistant Director to refer to project details when necessary.

Contractors submit PCO's to the project architect and copy the MCPS Construction Team Leader. After initial review, the PCO's are forwarded to the Fiscal Team to review for contract compliance and record. For construction management (CM) projects, individual PCO's may not be sent to MCPS, but the CM's submit a monthly report which includes a PCO log listing the outstanding proposals received from sub-contractors.

5. The Fiscal Team looks up the open balance for the project in FMS. Since the entire amount of furniture and equipment is for school use, the unencumbered amount of furniture and equipment funds allocated to the school is subtracted.
6. The uncontracted items that are budgeted but are not in the main construction contract are: Data/Cable TV Wiring, Data Equipment, Playground Equipment, Telephone Equipment, Security Cameras, Electrical Service Upgrades, Air Quality Monitoring. These must be shown to set aside the funds until they are contracted.

7. The outstanding PCO's received from the contractor are recorded and subtracted from the balance. (Even though all PCO's may not result in a change order, they re subtracted from the total to reflect a "worst case scenario".)
8. If there are pending transfers to or from the project, they are recorded since it may take up to two months for the Board and County Council to approve them.
9. Each project spreadsheet is updated and a consolidated report for all projects is compiled.
10. The report is distributed to the Director, Assistant Director and Fiscal Team Leader.