

**410.5 SUBJECT: CLOSING OF CAPITAL PROJECTS**

:1 OBJECTIVE:

To require an annual review of the status of capital projects and to establish a process to close completed and inactive projects.

:2 AUTHORITY:

This policy adopted by City Council October 29, 2007, Item A-3.

:3 DIRECTION:

The Chief Financial Officer, as an appointed official, serves at the pleasure of, and receives direction from the Mayor.

:4 FUNCTIONS:

A. Introduction

City government, as an institution, has multiple partners including citizens, taxpayers, businesses, visitors, employees, and other governments. As a major institutional, economic, and service force in the region, it is important that the City strengthen relationships with its partners by adopting clear and comprehensive financial policies.

Furthermore the financial integrity of the City of Orlando is of utmost importance, and adopting a set of financial policies is a key element to maintain this integrity. The purpose of this policy is to establish a regular review of the status of capital projects and describe the process by which completed and inactive are to be closed.

B. Annual Review and Closing of Capital Projects

1. As part of the year-end close, the Chief Financial Officer (or his/her designee) shall prepare a list of capital projects that are essentially complete and/or inactive. Projects shall be considered essentially complete and/or inactive when at least one of the following conditions is met:

- a. The asset the project was funded to create, build, or acquire has been capitalized.
- b. The project has less than 10% of its budget unspent.
- c. There has not been any financial activity in the project (i.e. expenses charged or revenue received) during the previous 24 months.
- d. Funds originally appropriated to the project have been transferred

to another project during the current fiscal year.

- e. Any other condition which the Chief Financial Officer has determined to be an indication that the project is complete or is no longer a viable capital project.
2. The Chief Financial Officer (or his/her designee) shall distribute this list to all department directors with a copy to Public Works/Engineering. Recipients shall review this list and provide a written response to the Finance Department on the status of their projects. This response, at a minimum, must contain the following information:
    - a. Overall description of the project's status.
    - b. Any required or anticipated expenditure of funds in a future fiscal year.
    - c. If applicable, status of grant, contribution from participating governments, or other reimbursement revenue used to finance the project.
    - d. If no revenue or expenditures have been recorded in the project for the current and previous fiscal year, justification for keeping the project open and active.
  3. For administration of this policy, "departments responsible for project" shall mean the City department responsible for the operation of the completed project (i.e. FPR facility, fire station, etc.) and/or providing approval authority for the expenditure of project funds.
  4. Based on the information provided by department directors and Public Works/Engineering, the Chief Financial Officer (or his/her designee) shall prepare a list of capital projects that are proposed to be closed as part of the fiscal year-end closing. Departments responsible for projects proposed to be closed shall be notified of such and shall be given at least 10 working days to submit a written appeal of that decision.
  5. The Chief Administrative Officer, Chief of Staff, and the Chief Financial Officer shall finalize a list of capital projects that will be closed as part of the fiscal year-end closing.

C. Exceptions and Restrictions

1. Nothing in this policy shall prevent the closure of a capital project at other times in the fiscal year when there is agreement between the department responsible for the project, the Chief Financial Officer, and the Chief Administrative Officer that the project is no longer needed or essentially complete.
2. Any funds remaining in a project that is closed shall revert to the

appropriate fund and can only be used to fund other capital projects based on the City's overall priorities. Departments responsible for projects cannot make any commitments for future capital projects based on anticipated savings in currently approved projects.

3. Departments responsible for projects are required to use every effort to scope and implement capital projects in the most cost effective manner. The Chief Financial Officer (or his/her designee) shall use due diligence in the review of project expenditures. If the Chief Financial Officer (or his/her designee) believe an expenditure of capital projects funds is excessive or inappropriate given the purpose of the project, such expenditure shall be reported to the appropriate department director and Chief Administrative Officer for review and resolution.

:5 FORMS:

None.

:6 COMMITTEE RESPONSIBILITIES:

None.

:7 REFERENCES:

:8 EFFECTIVE DATE:

This procedure effective October 29, 2007 – Item A-3.