The purpose of this document is to outline the procedures for establishing a new capital project account (or "plant account") in KFS. A capital project is new construction or an addition, replacement, major repair, and/or renovation to infrastructure or building with expenditures totaling $35,000 or greater. The Office of the CFO has oversight over all KFS transactions related to capital project accounts.

When a capital project account is established
Funds are typically first spent on preliminary plans and feasibility studies when a capital project is first conceived. A capital project account can be established at this point, in which case the capital project account would be allocated a budget for these costs. At other times, expenditures are made in an operating account on preliminary plans and feasibility studies for a potential capital project prior to the establishment of the capital project account. If it is determined that the project is viable, then a capital project account is established and the prior expenditures are moved to the project account. If it is determined that the project is not viable, the expenditures are expensed and not capitalized.

Requesting a capital project account number
Requests for capital project account numbers are made by Facilities Management, Capital Planning, or the Medical Center to the Principal Finance Analyst – Capital Projects, Office of the CFO.

- Requests from Facilities Management. The Accounting and Finance Manager, Facilities Management submits an Initial Funding Form for new projects or an Internal Change

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1 See UCOP Accounting Manual Capitalization of Property, Plant, and Equipment for more information: https://policy.ucop.edu/doc/3410279/AM-P415-10
Order Form for projects that have incurred expenses in an operating account that will be moved to the project account.

- **Requests from Capital Planning.** The Principal Educational Facility Planner, Capital Planning submits a Request for Project Number Form. The request includes a copy to Facilities Management (Assistant Vice Chancellor, Facilities Management and Accounting and Finance Manager, Facilities Management); Design and Construction Services (Director of Budget and Finance, Design and Construction Services and Director of Contracts, Design and Construction Services); or the Medical Center (Project Governance Manager, Planning Administration, Medical Center) depending on which unit (Facilities Management, Design and Construction Service, or the Medical Center) will be managing the project.

- **Requests from Medical Center.** The Project Governance Manager, Planning Administration, Medical Center submits a Capital Improvement Request form for minor capital projects and a Request for Project Number Form for major capital projects.

All requests identify the initial budget and funding source(s) for the initial budget. If the funding source is department funds, the request must include documentation signed by the department/unit Dean, Assistant, Dean, Director of Finance, or equivalent. If the funding source is central campus sources (e.g., a central program, such as Faculty Enhancement, or funds within Control – Planning), the request must include documentation signed by the Provost and Executive Vice Chancellor or the Chief Financial Officer and Vice Chancellor.

**Assigning a capital project account number**

Capital projects are identified by a unique project number. The project number is also referred to as the core account or UC account. The project number is not a KFS account number. The project number is a six digit number that starts with 99. The Principal Finance Analyst – Capital Projects, Office of the CFO maintains account assignment spreadsheets to track and assign project numbers. Each spreadsheet contains a block of accounts that represent a type of project; for example, accounts in the 990000 to 993999 range are campus major capital projects. The steps for assigning a project number are:

1. Identify account block by type of project.
2. Find available account number.
   a. Empty account slots should be used first. If no slots are available, then accounts can be reused starting with the oldest account in the block.
3. Check account availability with the KFS Account Lookup tool.

**Setting up a capital project account in KFS**

The Principal Finance Analyst – Capital Projects, Office of the CFO is the Fiscal Officer for all capital project accounts. All capital projects are under either org level 5 8517 Control – Plant Accounts or org level 5 8901 MC Plant Accounts:

- All campus capital projects are under:
  - Org Level 3 9570 Control – Accounting
  - Org Level 4 8870 Control – Financial Services Sub

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2 Spreadsheet can be found: PB\Files\Budget\Capital\3. Account Assignment
3 KFS Account Lookup can be found at the following link, KFS Account Lookup, or by going to KFS > Chart of Accounts > Reference > Account
• Org Level 5 8517 Control – Plant Accounts.
• All Medical Center capital projects are under:
  o Org Level 3 Medical Center
    ▪ Org Level 4 9701 Medical Center Controllers Office
  • Org level 5 8901 MC Plant Accounts.

In order to establish a new project account in KFS, the Principal Finance Analyst – Capital Projects initiates a new account request in KFS by following the steps below:
1. Identify the source of funding for the project from the project approval document.
2. Copy an existing account in the fund (an existing account can be found by running the KFS Fund Summary Report) and make changes to the account fields as needed for new project information. The Edit function is used to repurpose older accounts. Accounts with the ‘Capitalize’ indicator should not be used to start a new project account. Update the following fields:
   a. Description
   b. Account number
   c. Account name. The account name consists of the project number, fund, and project name (e.g., 997631-01365 B1 DH42 NICU CABINETRY)
   d. Account Supervisor/Manager (as needed).
      i. For Facilities Management projects, the Account Supervisor is the Accounting and Finance Manager, Facilities Management. For Design and Construction Services projects, the Account Supervisor is the Director of Budget and Finance, Design and Construction Services. For Medical Center projects, the Account Supervisor is the Accountant III, Controller’s Services, Medical Center.
      ii. The Account Manager is the Executive Director of Financial Reporting, Office of the CFO.
   e. Account Purpose. This can be the same as the account name.
3. Attach supporting documentation for account creation. The documents should describe the scope of work and list the building affected by the project.
4. The KFS workflow automatically routes the document to the Plant Accounting Manager, Accounting & Fiscal Services and then to the Principal Administrative Analyst II, Accounting & Fiscal Services for review and approval.

Holding Accounts
At times, a department or unit will request that funds be held in a plant account prior to the capital project account being established. A written request in the form of an e-mail or letter to the Principal Finance Analyst – Capital Projects must be signed by the department or unit head to establish a holding account. The steps for establishing a holding account are the same as above. Expenditures cannot be made in a holding account.
APPROVED:

Ronald S. Cortez, JD, MA
Chief Financial Officer
Vice Chancellor, Division of Finance and Administration

cc: Nathalie Anaya, Accounting and Finance Manager, Facilities Management
Victor Cesario, Principal Administrative Analyst II, Accounting & Fiscal Services
David Donovan, Interim Director of Contracts, Design and Construction Services
Patryk Dubert, Principal Finance Analyst – Capital Projects, Office of the CFO
Kim Kerwin, Project Governance Manager, Planning Administration, Medical Center
Samara Larson, Principal Educational Facility Planner
Donald Shin, Accountant III, Controller’s Services, Medical Center
Wan Tung, Plant Accounting Manager, Accounting & Fiscal Services
Genevieve Yulo, Director of Budget and Finance, Design and Construction Services