

State of Rhode Island
Department of Administration

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers
State Departments and Agencies

DATE: June 2, 2011

FROM: Marc A. Leonetti, State Controller

SUBJECT: Assignment of valid project codes to capital projects (CFO 11-08)

Effective with the fiscal year beginning July 1, 2011, **all** requisitions and purchase orders associated with capital projects or capital assets **must** have a valid five-character project code as a component of the RI-FANS account number being encumbered.

For purposes of complying with this rule, a requisition or purchase order is considered to be associated with a capital project or capital asset if 1) the total cost of the project or asset is expected to exceed \$1,000,000 **and** 2) the natural account component of the RI-FANS account number being encumbered is one of the following:

- a) 661302 Construction in progress
- b) 661351 Architecture and engineering – Construction in progress
- c) 661361 Consultant services – computer systems development
- d) 661831 Computer software - > \$1,000,000

Note that the dollar threshold of \$1,000,000 applies to the **overall** cost of the project, not to the amount of the individual encumbrance in question. One capital project may well involve more than one contractor/supplier and/or more than one purchase order per contractor/supplier, so that an individual encumbrance amounting to much less than \$1,000,000 may still require an account number with both a valid project code and one of the four natural accounts listed above.

Conversely, if the **overall** cost of a project is expected to be **less** than \$1,000,000, then the four natural accounts listed above must **not** be used on any encumbrance document associated with the project.

It should also be noted that a “project” may consist of a set of individual subprojects (for example, one contract covering the renovation of several different buildings). In such cases, each subproject that **on its own** meets the criteria outlined above needs to have its

own unique project code and use one of the four natural accounts listed above. Conversely, a subproject that does **not** meet the criteria on its own must **not** be assigned a project code and must **not** use one of the four natural accounts, even if it is part of a comprehensive “project” that will exceed \$1,000,000.

It occasionally becomes apparent that a project that is begun with the expectation of costing less than \$1,000,000 will in fact end up costing more than \$1,000,000 by the time it is completed. As soon as the agency in charge of a project determines that this is in fact the case, it must obtain a valid project code for the project from the Office of Accounts and Control and then adjust all expenditure transactions related to the project to reflect the new project code.

A valid five-character project code must begin with a **letter** other than Z, followed by four other alpha and/or numeric characters. This means that 00000 does not qualify as a valid project code for a capital project, nor do any of the numbers (such as 09000 or 10000) that were used in the past to associate Bond Fund expenditures with the fiscal year in which the bond was issued. Please e-mail John Lewis at John.Lewis@doa.ri.gov or call him at 222-6302 if you need a project code number for a qualifying project that does not yet have one or if one of your projects has an invalid project code number that needs to be replaced.

No new requisitions or purchase orders associated with capital projects or capital assets will be created in FY12 without a valid project code. Similarly, any currently existing requisitions or purchase orders associated with capital projects or capital assets that do not yet have a valid project code must be assigned one in order to be rolled into FY12. It is therefore crucial that you review all of your currently outstanding requisitions and purchase orders between now and June 13, 2011 and inform John Lewis of any that require the addition of a valid project code to their account number. Neglecting to do this may result in your capital project encumbrances not rolling forward into FY12 and the associated contractors/suppliers not being paid.

You may contact any of the following individuals if you have questions relating to any of the topics discussed above:

John Lewis	John.Lewis@doa.ri.gov	222-6302
Richard DeOrsey	Richard.DeOrsey@doa.ri.gov	222-5098
Steven Blazer	Steven.Blazer@doa.ri.gov	222-2267