

COLLEGE of CHARLESTON

OFFICIAL PROCEDURE

Capital Improvement Projects

7/25/16

Procedure Statement

The Accounts Payable area of the Controller's Office will process all payments for the College's legally incurred, non-payroll obligations of goods and services in accordance with State and Federal laws and regulations as well as other policies and procedures of this institution.

Procedure Manager and Responsible Department or Office

A. Controller's Office

The Controller's Office staff has the responsibility for ensuring that all payments for goods and services of a non-payroll nature comply with State and Federal laws and regulations, as well as College policies and procedures.

B. Faculty and Staff

College of Charleston faculty and staff have the responsibility for ensuring that they follow procurement guidelines when requesting goods and services. Faculty and Staff must provide the Controller's Office with accurate and complete documentation, such as completed forms, justifications or explanations needed for making payments, etc. In addition, the faculty and staff must ensure that goods and services are satisfactorily received and that they demonstrate a documented benefit to the College.

C. Vendors and Payees

College of Charleston vendors and payees must provide the Controller's Office with valid invoices that adequately describe the vendors' names, addresses, itemized descriptions of goods and services, terms for payment, etc. as well as properly completed Internal Revenue Service Forms W-9 or W-8 evidencing their business type (corporation, sole-proprietorship, partnership, etc.), domestic or foreign status, and tax identification numbers.

Departments/Offices Affected by the Procedure

This procedure affects all of the departments and offices of the College of Charleston.

Procedures Related to the Procedure

Capital Improvement Projects

The expenditure of funds for capital improvement projects is subject to approval and regulation of the SC Department of Administration. The approval of the Department of Administration is not required for minor construction projects, including renovations and alterations, where the cost does not exceed an amount determined by the Joint Bond Review Committee and the Department of Administration. ***Payments of invoices for capital projects require an authorized College of Charleston Purchase Order.***

- A.** Definition of Permanent Improvement project – A permanent improvement project with regard to all institutions of higher learning is defined as (S. C. Code Section 2-47-50):
1. Acquisition of land and buildings (as opposed to construction), or other structures, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to two hundred fifty thousand dollars;
 2. Work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work involved is one million dollars or more;
 3. Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are not to be included;
 4. Capital lease purchase of a facility acquisition or construction in which the total cost is one million dollars or more;
 5. Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project in which the total cost is one million dollars or more; and
 6. New construction of a facility that exceeds a total cost of five hundred thousand dollars.

B. Any permanent improvement project that meets the above definition must become a project, regardless of the source of funds. However, an institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve funds or state appropriated funds, or state infrastructure bond funds by the General Assembly for capital improvements shall process a permanent improvement project, regardless of the amount.

C. Application and Certificate for Payment (These rules are excerpted from the Office of State Engineer (OSE) Manual, chapter 7.14)

1. The contractor must submit applications for payment to the A/E in the form of AIA Documents G702 and G703. If the College is not using an A/E or other outside consultant, the contractor must submit its pay applications directly to the College. **The A/E is required to send a copy of the application for payment to the Controller's Office immediately upon receipt of the paperwork from the contractor.**

2. The A/E will review the contractor's application for payment and accompanying progress schedules and other back-up information. Based on the A/E's on-site observations, the A/E will determine the amounts due the Contractor and submit recommendations for payment in writing to the College.

3. After review and certification of the amounts due the Contractor, the A/E will send the applications for payment to the College.

D. Progress Payments to Contractors (These rules are excerpted from the Office of State Engineer (OSE) Manual, chapter 7.15)

1. When a contractor has performed in accordance with the provisions of its contract, the College will pay the contractor the undisputed amount of any pay request within twenty-one days of receipt of that pay request by the College. The law considers the A/E's receipt of the pay request as the equivalent of the College's receipt since the A/E is acting as the College's representative.

2. If the College delays payment to a Contractor by more than twenty-one days, the College must pay the contractor interest, beginning on the due date, at the rate of one percent a month or a pro rata fraction thereof on the unpaid balance as may be due. However, the College will owe interest **ONLY** if the contractor notified the College that such interest might be due at the time the contractor requested payment.

Related Policies, Guidance, Documents, or Forms

S. C. Code of Laws Sections including, but not limited to:

- 2-47-50 (Establishment of permanent improvement projects by authority; review of proposed revisions; "permanent improvement project" defined.)
- 29-6-30 (Time and manner of making payment to contractors and subcontractors.)
- 29-6-50 (Interest on late payments; specific waiver of requirements)

S. C. Office of State Engineer (OSE) Manual (Manual for Planning and Execution of State Permanent Improvements - Part II)

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