

Auburn University Facilities Management Policy on

PROJECT BUDGETS

I. PURPOSE

Provides guidance for creating and updating project budgets during the life cycle of a project.

II. POLICY MANAGEMENT

Responsible Office: Auburn University Facilities Management

Responsible Executive: Assistant Vice President, Facilities Management

Responsible Officer: Executive Director, Design and Construction

III. APPLICABILITY

This policy applies to all projects managed by Auburn University Facilities Management ("Facilities Management").

IV. DEFINITIONS

Approved Budget: contains all required signatures and has been assigned a plant fund account number.

Bid Phase: stage after Design Phase (in cases where design is required) prior to Construction Phase.

Budget: a descriptive estimate of all expenditures associated with a project, including but not limited to design costs, construction costs, furnishings and equipment, and reserve contingencies. The approval process will take either a Regular Route or an EVP Route depending on funding source(s) and amount.

Construction Phase: activities after the Notice to Proceed (NTP). Construction activities include site mobilization, material procurement, submittal approval, construction, testing, and commissioning of a construction contract.

Closeout Phase: end stage of the Construction Phase from substantial completion to the financial closure of a construction contract.

Design Phase: stage after budget approval but prior to bidding and construction including, but not limited to, planning, program development, testing, design, production of plans and specifications, and budget updates.

EVP Route: budget designation for all projects that require the approval and signature of the University Executive Vice President & CFO including, but not limited to, all projects over \$500,000 and any projects funded by the Alabama Public School and College Authority (APSCA); the American Recovery and Reinvestment Act (ARRA); bonds; Federal, State, or other grants; insurance claims; or the Special Building Fund. See *Regular Route*.

Fees-Only: an estimate consisting of an amount that will cover any fees needed for the Pre-Construction Phase of a project to be completed, generally for the project program development or to cover the Design Phase up to the point of project-bid-advertisement.

Planning/Pre-Design Phase: project stage prior to any budget approval, project design, or construction. At this stage, it is possible that very little has been determined about the full scope of the project.

Pre-Construction Phase: activities prior to the Notice to Proceed (NTP) on a construction project. Pre-Construction activities include planning, program development, testing, design, production of plans and specifications, budgeting, construction contract packaging, contractor pre-qualification, bidding and award of the construction project, and preparing the construction contract.

Project Budget Worksheet: Facilities Management template used to estimate budgets prior to entry in Unifier.

Regular Route: budget designation for projects under \$500,000 except for those requiring the approval and signature of the University Executive Vice President & CFO. *See EVP Route.*

Unifier: project portfolio management software provided by Skire for budget routing and approval. Budget proposals follow either a Regular Route or an EVP Route.

V. BACKGROUND

Project budgets need to be updated in a timely and consistent manner to ensure that Facilities Management maintains an accurate financial status of all projects. Budgets should be updated at each phase of a project from Planning/Pre-Design to Design, Construction, and Closeout.

VI. POLICY

All Facilities Management projects must have an Approved Budget prior to commencing the project design or, in the case when a design is not required, prior to maintenance or construction. Project budgets shall be created and updated according to the following procedure:

- A. Project budgets shall be developed as early as possible in the life cycle of a project.
- B. Early in the life of the project or depending on the project's scope, a budget may list fees only.
- C. All Facilities Management budgets shall be developed using a Project Budget Worksheet or Unifier. Budget proposals follow either a Regular Route or an EVP Route.
- D. As budgets are updated, changes shall be tracked and specified with an explanation of the change(s), the amount of the change(s), and the new budget amount(s). This historical data shall be kept so that an audit of the estimated cost of work vs. actual bid can be performed.
- E. Project leads shall perform a thorough cost projection to ensure that all anticipated and actual costs are incorporated into the budget revision.

- F. The revised budget should be used to perform an analysis of the remaining contingency to determine whether it is sufficient or also needs revision.
- G. In the Planning/Pre-Design Phase, when the project program and scope are being developed, a rough estimate is acceptable.
- H. During the Design Phase, Project Managers shall update the project budget whenever the latest in-house or design-consultant construction cost estimate indicates that the construction cost is equal to or greater than 10% over the originally Approved Budget.
- I. Design Managers shall update Budgets if they expend their share of the original contingency to ensure that the overall project contingency is not expended during the Design Phase, coordinating with the client or program manager to ensure sufficient funds exist to cover the higher design/project costs.
- J. Budgets for projects executed by contract shall be updated as needed prior to the Bid Phase to ensure that the University has sufficient funds, based on the latest cost estimate, to award the project once bids are received. While perceived budget shortfalls need to be communicated and understood, they will not always necessitate requests for additional funding prior to the bid.
- K. Budgets for projects executed by In-House Construction shall be updated prior to passing the project over for execution
- L. Project budgets shall be updated immediately after bids are received and construction contract(s) is/are awarded. These Construction Phase updates are required to "true up" the project budget with the bid results and awarded construction contracts. Once updated budgets are approved, the project can be turned over for execution.

VII. EFFECTIVE DATE

10 April 2014

VIII. APPROVAL



 Responsible Officer


 Assistant VP, Auburn University Facilities Management

7.18.14

 Date
 8/25/14

 Date

APPROVED: May 27, 2014

REVISED: July 8, 2014