

Marietta College
Policy Governing the Financing of Capital Purchases
February 2007

INTRODUCTION

This policy governs the financing the procurement of capital items. Capital items are defined as equipment, vehicles, computers, construction projects, and similar items that are of sufficient monetary value as to be capitalized on college financial statements. Generally, the College capitalizes all items valued at \$2,500 or greater, although there may be exceptions. The Vice President for Administration and Finance or the Controller determines if items are of sufficient value to be capitalized following appropriate consultation with College auditors.

POLICY

Procurement of capital items is subject to the bidding procedures described in a related College policy, the *Marietta College Procurement Policy*. Generally, this policy requires bidding for all items valued at greater than \$2,500 or substantial documented justification for sole source procurement of said items.

Procurement of capital items is also permitted only when funds have been identified to cover the cost of procurement, including delivery, installation, maintenance, and other related considerations. Except in cases of building projects, including new construction and renovation, or property acquisitions, the policy of the College is to have sufficient cash available to cover all costs associated with the procurement and to have sufficient operating funds budgeted for maintenance and use of the item following installation. Procurement of capital items in anticipation of the future availability of funds to cover procurement is not permitted, unless authorized in advance by the Vice President for Administration and Finance following consultation with requestor and the President. In some cases, as described in the following paragraph, the Board of Trustees must review and approve procurement in advance of funding because it involves the incurrence of debt. The Vice President for Administration and Finance, in consultation with the President, shall determine whether to approach the Board with procurement and funding recommendations.

In the case of building projects, including new construction and renovations, or property acquisitions, the Board of Trustees must approve the project or acquisition prior to action by the College. Part of the Board review process is consideration of funding options as recommended by the Vice President for Administration and Finance following consultation with the President and the Cabinet. The College prefers to procure building projects and property without incurring debt. However, if procurement requires incurrence of debt, the Board must, in addition to approving the project or acquisition, also approve related debt, including its terms and conditions, prior to bidding and procurement.

CONSISTENCY

This policy is intended to be consistent with and does not supersede related procurement and capital asset management policies, namely the *Marietta College Policy for Acquisition, Management and Disposal of Capital Assets* and the *Marietta College Procurement Policy*.

DCBryant
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Approved by Cabinet--13FEB07