

SAM - BUDGETING

PROJECT COMPLETION

6856

(Revised 5/1998)

Project Occupancy: DOF must be notified by the department when the project is ready for occupancy (the date of final inspection, beneficial use or occupancy of the project, whichever is earliest). For lease/revenue funded projects, this is typically the date when insurance must be in place and triggers when lease payments begin.

1. Information requirements related to notification of project occupancy:

- a. The standard fiscal reporting requirements described in Section 6845; and
- b. The project occupancy letter. For projects managed by DGS, DGS sends a letter to the client department attesting to the project occupancy including project occupancy date. The department must forward a copy to DOF. Departments exempt from DGS project management must prepare a letter attesting to project occupancy. (For lease/revenue funding projects, this letter must also be sent to the STO.)

Modifications after occupancy: If the client department has determined that there are modifications necessary to complete the project after occupancy, and savings are available or an augmentation can be justified, the department may submit an item to the board for either a “cost increase within appropriation” or an augmentation (Section 6861). The board item should include a list of proposed modifications to be completed under the existing contract and, for each modification, a justification narrative including cost estimates and scheduled completion date. This board item should be submitted with the Project Occupancy Letter.

Project Completion: When the contract has been accepted and completed by both the contractor and DGS (or exempt department) and claims have been settled, the DGS (or exempt department) prepares a “Notice of Completion” pursuant to Section 3093 of the Civil Code. A copy of this notice is sent to DOF and for lease / revenue funded projects a copy is also sent to the STO. This notification must be prepared within 1 year of the date of occupancy as described in the preceding text. Extensions to the deadline (i.e. for scheduled completion of approved “modifications after occupancy”) must be approved by DOF.

1. Information requirements related to notification of completion:

- a. The standard fiscal reporting requirements described in Section 6845; and
- b. A copy of the “Notice of Completion.”

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(Continued)

PROJECT COMPLETION

6856 (Cont. 1)

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Project Close Out: “Project close out” reflects the closing of the financial records related to a project. Final project financial statements are reportable to DOF within three months of project completion unless an extension has been approved by DOF.

1. **Return of Funds Transfer:** Government Code, Section [14959](#) requires that DGS transfer the unencumbered project funds out of the Architectural Revolving Fund to the originating appropriation within three months of project completion. The client department must submit a Return of Funds Transfer form (available from DGS) to effect that transfer.
2. **Financial statements:** Departments shall provide final project financial statements to DOF. These statements should include an accountability for agency retained authority. Outstanding claims should be treated as encumbrances.
3. **Reversion of remaining project funds:** Departments must submit an item to the board for reversion of any remaining project appropriation authority to the originating fund (Section 6862). Reversion items should include an accountability for agency retained authority. Outstanding claims should be treated as encumbrances.