

Method of Financing Form - Processing Procedure

In accordance with Arkansas Code Annotated 19-4-1407, when a construction or renovation project exceeds \$250,000 and/or requires the use of an architect or engineer, it is necessary to prepare a Method of Financing Form (MOF).

In addition to construction and renovation projects, all land purchases must have an approved MOF before settlement date and payment is made.

The first step in the process to prepare a MOF is approval by the Board of Trustees of the project itself. The Board reviews the project and its source of funding and authorizes administration to move forward.

The project budget is developed by the Facilities Management construction coordinator who has been assigned to the project, in conjunction with the architect/engineer and the Associate Vice Chancellor of Facilities. The Vice Chancellor for Finance and Administration may review and approve the budget.

The budget information is then used by Facilities Management to develop a Method of Finance. Plant and Property Accounting provides financial information that is required on the MOF, such as fund center, commitment item, fund, and legislative acts. All construction projects are covered by our commitment item code 05.

Plant and Property Accounting forwards the completed MOF to the Vice Chancellor for Finance and Administration electronically. Approval is given electronically, and the document is then sent electronically to the University of Arkansas System Administration. Once the Vice President for Administration has signed the MOF it is sent on to the Arkansas Department of Higher Education (ADHE) for approval, who in turn sends it to the Department of Finance and Administration (DF&A). DF&A sends the MOF to Legislative Council for review. Once the MOF has been approved by Legislative Council, DF&A notifies Plant and Property Accounting of the approval and supplies the MOF number. A scanned copy of the original MOF is sent to Plant and Property Accounting for the file.

Division of Agriculture projects are handled essentially the same, except the budget for the project is developed with input and approval from the Director of the Agricultural Experiment Station.

Revised MOF's are necessary when the source of funds changes or the amount of the project exceeds the total amount approved in the original MOF. A revised MOF is processed the same as the original MOF.

Revised September 2, 2009

Revised March, 2002

October 1, 1994