

## The 'FINAL QUARTER' Hitting the Capital Department Expenditure Limit (CDEL) Check List

	CDEL MANAGEMENT - Check list	STATUS UPDATE		
		Jan – Month 10	Feb – Month 11	Mar – Month 12
1.0	<p><b><u>Resourcing</u></b> - Do you have resources to monitor both the projects and the whole programme in Month 10, 11 and 12 and to push it to FYE?</p> <p>Can resourcing within your organisation be reviewed, redeployed and reprioritised to support the programme or project?</p> <p>Have you 'valued' the risk of under resourcing against the programme?</p> <p>If you do not have the internal support required, have you considered options for external resources and factored any such cost against your CDEL allocation?</p>			
2.0	<p><b><u>Governance &amp; Approvals</u></b> - Are all those that form the project governance chain aware of the actions that they need to take? Board and Personnel?</p> <p>Alert anyone in the governance chain of what actions need to happen to meet the CDEL. If sign off/approval is needed or purchase orders need to be authorised or receipted as part of the critical path, then give notice. If time is not on your side, and emergency procedures are not outline as part of governance processes or Terms of Reference/ similar, request that interim measures are agreed.</p> <p>If someone is sitting on something vital to the success of a programme, chase, chase, chase and chase. If the activity is not addressed, escalate to your Director of Service or SRO (Senior Responsible Officer) or project board.</p>			

3.0 **Data** - Do you have the data that you need to fully understand your budget(s) and spend to date numbers?

Do your project or programme finance records report all paid invoices (PI) and goods received (GR) or just paid invoices? Is there any risk of ordering and receipts being missed or double accounted (such as when managing stage payments)?

If your system reports Paid Invoices only - check your finance system for receipts that may not have been captured as committed funds. Make sure that any Accrued receipts are matched to any Paid Invoices to remove the risk of double accounting.

Have a clear record of your purchase orders and what their status is against both the individual projects and the capital programme – what is the value, what has been receipted, will this item still be needed, what orders are yet to be raised, are any orders undervalued?

For larger projects, check that Payment Certificates match the receipt on your finance system.

How is VAT being managed?

If invoices are taking too long to process and receipt, ask yourself why. Escalate asap – see item 2.0.

If you do not already have individual project highlight reports for monitoring project expenditure, plan a system and process for next financial year.

If in doubt – get your Project Managers in the room with your Capital Finance colleagues and undertake a deep dive.

<p>4.0</p>	<p><b><u>Purchase Orders against Budget</u></b> – Validate, Validate, Validate.</p> <p>If the balance of your purchase orders against a budget code or project do NOT match your cashflow forecast for Months 10, 11 ad 12, then you either need to raise the orders ASAP <u>OR</u> your Financial Year End budget estimate is wrong and could lead to an underspend.</p> <p>If the Purchase Orders on the system align to your budget allocation and are nearly fully receipted, <u>BUT</u> the contract is likely to run for a number of weeks until Financial Year End, how are these ongoing works going to be funded? Is this project heading for an Overspend and has this been agreed? Does the increase require Board Approval or reallocation of funds prior to any further Purchase Orders being approved?</p>			
<p>5.0</p>	<p><b><u>Spend to date against Cashflow forecast</u></b> - Check your Month 8 and 9 individual project Forecasts against Actual expenditure - did they match?</p> <p>Did you underspend or overspend?</p> <p>If so, why and what assurance is there that the CDEL allocation will be expended at FYE? If not - how much budget is at risk? Get a site valuation asap and request that the Cashflow forecast for Months 10, 11 and 12 is updated.</p>			
<p>6.0</p>	<p><b><u>Provisional Sum monitoring</u></b> - does your FYE figure and cashflow forecast include any provisional sums? Why?</p> <p>If Provisional Sums are still on your cost plan, firm up these costs now. You are running out of time to re-profile your cost plan if these Provisional Sums are over/under the allocated budget. If you still have Provisional Sums by the end of Month 10, your overall CDEL programme is being placed at risk.</p>			

7.0	<p><b><u>Contingency Sum (CS) and Optimism Bias (OB) Risk Monitoring</u></b> - do your Financial Year end figures include CS or OB? You have less than three months.....what is the value of these <b>unallocated sums</b> remaining against each project or the programme?</p> <p>Do you need it? If you do, why can you not mitigate this risk or confirm a value by Month 10?</p> <p>Have you valued all of the project provisional sums, variations and contract related additional expenditure (AI's)?</p> <p>How does the value of your CS and OB balances sit next to your change control record?</p> <p>Why does your design team feel that this reserve is needed so late in the Financial Year?</p> <p>Ideally at the start of M11, OB and CS should be ZERO – either allocated within the project or reallocated to another scheme within the CDEL Programme.</p> <p><i>(For perspective, 10 projects with CS/OB at 5% unspent at Financial Year End on a £10million CDEL programme is £500k – that is a large underspend and could have funded at least 10 small refurbishment projects!)</i></p>			
8.0	<p><b><u>Group 1 equipping</u></b> - what is your delivery date? What date will you commission the kit? If you have delivery dates scheduled for the last weeks of the financial year, you must add this value to the Capital Programme Risk Register.</p>			

<p>9.0</p>	<p><b>Group 2 and 3 items</b> – Have you raised all of your orders? What is the deliver lead in time? Are there Builders works associated and have these been programmed and costed?</p> <p>If a Purchase Order is yet to be placed, place it. If there is an item on your list without an anticipated delivery date, then get the date confirmed asap.</p> <p>If you have deliveries due the last weeks of the financial year, you must add this value to the Capital Programme Risk Register.</p> <p><i>(For perspective, One item may be relatively low value, but 50 late items across ten deliveries could be as much as £100k.)</i></p>			
<p>10.0</p>	<p><b>Accrual management</b> - Are you planning to Accrue any Orders? How will you evidence - evidence will be needed so keeping this information in one place will ease the process. As a minimum, you need a site valuation.</p> <p><b>Are you sure that your Accrual will meet with Procurement rules? Never just assume – there are very strict rules for accruals.</b></p> <p>At the end of Month 10, 11 and 12, are you meeting your cashflow forecast? If not, have you reprofiled? What works or items are now at risk of being in delay and rolling into the next financial year?</p> <p>Are there items that can still be purchased and brought to site? Do you have storage on site?</p> <p>If you are unable to accrue, how will you fund the item or works next Financial Year and are you risking an underspend against your approved budget?</p> <p>Do any items meet the criteria for an accrual under a Vested Interest Certificate for equipment/goods off site? Liaise with your procurement leads and do not leave this until the last week of the Financial Year.</p>			

11.0	<b><u>For an overspend</u></b> - what can you slow down? What is the impact on your next Year Capital Programme and pipeline plan?			
12.0	<b><u>For an underspend</u></b> - What is on your pipeline for next year? What work elements can you bring forward? What is the impact on your next year Capital Programme and pipeline?			

***Whilst the focus of this checklist is the final quarter of the Financial Year, if these checks are carried out through the full 12 months they can support organisations in getting the best out of their Capital Departmental Expenditure Limit and therefore the best for their patients, staff and Estate.***

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