How Do I Handle…

Leases

Background

There are three finance options for lease purchases:

- The State Treasury Board's Master Equipment Lease Program (MELP)
  - Treasury Board policies and procedures apply to all credit equipment purchases exceeding FMV of $10,000 ($50,000 for energy projects).
- Vendor financing
  - Vendor/third party financing - must be pre-approved by Treasury Board (usually approved if vendor offers more favorable terms and rates than MELP).
- Internal Financing
  - University advances funds to the departments so they can acquire needed equipment
  - Administered by OBFP (MOU - duration, interest rate, etc.)
  - A majority of lease purchases are financed internally

Procedures

Procurement and the Office of Investment and Debt Management work with Departments to consider procurements and potential financing options. OBFP approval is required in advance to establish installment payment plans.

- Procurement sends equipment leases to OBFP for review

OBFP reviews equipment lease agreements to determine the following information

- Performs lease vs buy analysis for review criteria, this often identifies significant savings).
- Considers if unit has sufficient resources for the annual cost of the lease obligation.
- May make recommendations for financing.
- May also suggest consideration of internal financing (e.g. department, college, or university).
- If external financing is recommended, OBFP will seek CFO approval

External financing agreements approved by the VP for Finance & CFO are sent to Office of Investment and Debt Management work with the Treasury Board to gain financing approval.

The Controller’s Office will track and report on total outstanding financing agreements.