I. General provisions

1. The aim of the rules of investment in fixed assets (‘rules’) is to
   1.1. lay down the procedure and conditions for submitting investment applications for constructing or renovating the buildings or parts of buildings owned or used under contract by the University of Tartu (‘university’), analysing and evaluation of the contents of investment applications, and based on the evaluation, assigning the rating to an investment application (‘rating’), and preparing a capital budget proposal based on the investment applications;
   1.2. ensure openness, the equal treatment of applicants and the economical and purposeful use of the university’s financial resources in the course of processing investment applications.

2. The rules apply to all the investment applications of all works financed through the capital budget of the university.

3. The submitted investment applications and the ratings assigned to the applications are publicly available in the university’s document management system.

II. Submission of investment applications

4. Vice rectors, heads of areas of responsibility, deans, directors of non-faculty institutions and the head of Estates Office have the right to submit an investment application. A web-based investment application is submitted to the director of administration. [effective as of 7 January 2016]
5. The Estates Office and the Finance Office have the obligation, pursuant to their competence, to give every assistance with preparing the investment application to the person submitting the investment application. [effective as of 1 April 2010]

6. The investment application must include the following information:
   6.1. name and position of the person submitting the investment application;
   6.2. name and location of the investment object;
   6.3. volume of investment, desired start time and duration;
   6.4. relation of the investment to strategic development documents of the university;
   6.5. contents and goals of the investment and activities required for investment;
   6.6. beneficiaries and results of the investment and its impact on the university as a whole;
   6.7. possible alternatives to the applied investment;
   6.8. major restrictions and risks involved in the investment;
   6.9. budget of investment, possibilities of using external funding and the own resources of the structural unit;
   6.10. financial analysis of the investment, showing the expected change in the administrative costs of the investment object, the improvement of earning opportunities, the benefits arising from the more efficient use of space, and the resources released as a result of the investment, with supporting figures, if possible.

7. Together with the investment application the head of Estates Office submits a proposal for assigning the rating, and supplies the substantive analysis and feasibility analysis of the investment application. [effective as of 1 April 2010]

8. The director of administration sends the investment application together with the proposal from the head of the Estates Office to the Rooms Committee to apply for a rating to the investment application [effective as of 7 January 2016]

9. The Rooms Committee assigns a rating to the investment application within a reasonable period. On the basis of the proposal of the Rooms Committee, the rector assigns a rating to the investment application in a rector’s directive.

10. The applicant is notified of the rating assigned to the investment application via the university’s document management system.

11. The submitted investment applications are stored in the Estates Office. [effective as of 1 April 2010]

12. After the rating has been assigned, the applicant may, if necessary, amend and/or supplement the investment application in coordination with the Estates Office, if an important piece of information or a factor affecting the assignment of the rating category emerges. An amendment proposal is submitted to the director of administration of the university, who sends it to the Rooms Committee for decision. Important changes include a change in the volume of investment, circle of beneficiaries, restrictions and risks and sources of financing (external financing, own resources of structural units) compared to the time of submitting the application. [effective as of 1 April 2010]

III. Ratings

13. Ratings are divided into categories, with reasons provided. The rating categories are in a hierarchical relationship — the smaller the number of category, the more important the investment is considered for the university. Investment applications of similar rating are equivalent in importance. The reasons have no hierarchical relationship. One or more reasons may be supplied with the ratings of the investment applications.
14. The rating categories are the following:

14.1. Rating 1 – necessary investments. Rating 1 is assigned to an investment application primarily in case the investment is directly related to the main activities of the university, arises directly from the strategic plan of the university, prevents a substantial risk, significantly improves the profitability or efficiency of the university’s operations and/or significantly improves the image of the university.

14.2. Rating 2 – useful investments. Rating 2 is assigned to an investment application primarily in case the investment supports the main activities of the university, arises from the strategic plan of the university, prevents a risk, to some extent improves the profitability or efficiency of the university’s operations and/or directly improves the image of the university.

14.3. Rating 3 – supporting investments. Rating 3 is assigned to an investment application primarily in case the investment is indirectly related to the main activities of the university, is indirectly related to preventing potential operational risks of the university, indirectly affects the profitability or efficiency of the university’s operations and/or supports the image of the university.

15. One or more reasons for the investments may be added to the rating. The possible reasons for the ratings are as follows:

15.1. reason P – related with the main activities of the university;
15.2. reason A – arising from the strategic plan of the university;
15.3. reason R – helps to prevent a risk (e.g. economic, environmental risk or a risk related with employees or students);
15.4. reason K – improves the profitability of the university’s operations;
15.5. reason I – improves the image of the university.

16. Assignment of a rating to an investment application is not dependent solely on the reasons supplied with the rating; the Rooms Committee may also take into consideration other important information given in the investment application.

17. If external financing in the investment application exceeds 2/3 of the total investment, the Rooms Committee may raise the rating by one category.

IV. Preparing a capital budget proposal based on the ratings of investment applications

18. Investment applications are ranked based on the assigned ratings, and the ranking is taken into consideration when the draft capital budget is prepared. The Finance Office prepares the draft capital budget of the university, taking into consideration the investment applications that have been assigned a rating by 1 October of the current year.

19. The assigned rating is taken into account as one factor when preparing the draft capital budget. When preparing the draft budget, the Finance Office also considers the profitability of the requested investments. An investment is profitable if its present value of realised cash flows is positive.

20. The head of finance adds the potential implementation period and an elaborated budget to the investment application that has been included in the draft capital budget.

21. When preparing the draft capital budget, it must be taken into account that

21.1. Investment applications with rating 1 make up at least 70 percent of the volume of investments planned in the capital budget;
21.2. Investment applications with rating 2 make up no more than 20 percent of the volume of investments planned in the capital budget;
21.3. Investment applications with rating 3 make up no more than 10 percent of the volume of investments planned in the capital budget.

22. When preparing the draft capital budget, deviations from the proportions provided in clause 21 are allowed subject to the approval of the Rector’s Office of the university. [effective as of 7 January 2016]

V Final provisions

23. The director of administration will bear responsibility for the performance of this decree.
24. The head of finance will bear responsibility for the duties specified in chapter IV.