
SECTION 7

CAPITAL PROJECTS MANAGEMENT

7.01 GENERAL

AUTHORITY: *FINANCIAL ADMINISTRATION ACT*

ADMINISTRATION: TREASURY BOARD SECRETARIAT
DEPARTMENT OF TRANSPORTATION AND
INFRASTRUCTURE

EFFECTIVE DATE: DECEMBER 2023

7.01 GENERAL

(1) PURPOSE

Capital projects represent a significant portion of Government's annual cash requirements, as well as having an impact on future operating budgets. The importance of planning, determination of priorities and management of capital projects must be emphasized. To this end, Treasury Board has approved the following Capital Projects Management Policy. The objectives of the policy are:

- (a) to ensure that capital projects reflect Government's policies, program priorities and objectives;
- (b) to ensure that a reasonable assessment of alternatives and appropriate options are presented to Treasury Board and/or Executive Council so that decisions can be made based on complete information;
- (c) to require appropriate detail such as the scope, uses and cost of the capital project and the estimated impact on future operating costs, before final project approval is given and budgets approved;
- (d) to emphasize cost-efficiency in design with respect to both initial capital costs and ongoing operating costs;
- (e) to establish and follow a well-documented set of procedures for the approval process as well as project management during construction; and
- (f) to provide flexibility in the implementation process consistent with providing value for money.

The system for initiating and approving capital projects will usually involve a client department, the Department of Transportation and Infrastructure (TI) and Treasury Board at various stages. Executive Council will become involved in and make final decisions on budgetary allotments and major policy issues.

(2) APPLICATION

The application of this policy is referenced to the Schedules of the *Financial Administration Act* (FAA) and applies as follows:

- Schedule "A" - Departments except the Legislative Assembly
- Schedule "B" - Crown corporations
- Schedule "C" - Education Authorities
- Schedule "D" - Commissions

except to the extent that their enabling legislation may incorporate alternate requirements such as Ministerial or Board authority.

While this policy **does not apply** to the Legislative Assembly or Reporting Entities subject to alternate legislation, **the spirit and intent** of the policy should serve as a **guideline** for these entities in developing their own policies. Reporting Entities that develop policies differing from Treasury Board require approval of Treasury Board.

The policy applies to all Government capital projects with the exception of highway construction. However, in terms of project management, highway projects should be similar to other capital projects with respect to project files, change order approvals, audit requirements, forecasting, etc.

(3) DEFINITIONS

For the purpose of this policy, the following definitions shall apply:

(a) **Capital Asset:**

Items with a useful life of more than one year, including land, buildings or major equipment.

(b) **Major Equipment:**

Equipment with a purchase price of \$75,000 or greater.

(c) **Capital Expenditures:**

Expenditures incurred in the acquisition, development or construction of assets/property which have a useful life extending beyond the accounting period. It does not include operational expenses. It generally includes expenditures of more than \$75,000 on assets lasting more than one year.

(d) **Capital Project:**

For the purpose of this policy, a capital project includes, although not restricted to:

- any acquisition of land;
- any acquisition, development or construction of a capital asset in accordance with a single plan or design specification, the cost of which is \$75,000 or greater;
- any leasehold improvement, addition, redevelopment or reconstruction of an existing building or facility (e.g., a renovation), the cost of which is \$75,000 or greater; or
- any special initiative required to address a specific problem (e.g., air quality) common to a number of facilities which Treasury Board/Executive Council may designate.

Notwithstanding the \$75,000 threshold set out in the definition of capital projects, Crown corporations and agencies may adopt a level more appropriate for their situation.

(e) **Client Department:**

That department or agency of Government requesting the project to meet its specific program needs.

(f) Operating Expenses:

Includes all expenses necessarily incurred by and incidental to the administration or operation of a given capital asset, including:

- operation and maintenance costs;
- salaries and benefits; and
- supplies and other program costs.

(g) Project Cost:

The total project cost of a capital project, including all fees, construction and land costs, furnishings and equipment costs and other expenses associated with the project.

(h) Project Manager:

The Department responsible for project design and implementation and will normally be TI. Where projects are to be implemented by a department, Crown corporation or education authority (as set out in Schedule C of the FAA), they may be the Project Manager as well as the client department.

(4) POLICY

Departments will prepare a Capital Budget submission for Treasury Board as part of the annual capital budget process. Submissions will include estimated revenues from outside sources. Departments are responsible to prepare and obtain approval for their capital projects.

The responsibility for overall co-ordination of the planning and approval of capital construction projects is assigned to TI. Departments proposing capital construction projects in their capital budget will consult with TI. Other capital purchases and projects may be managed by the Department responsible.

When capital projects have been approved which will impact on the operating requirements of departments/agencies, then those departments/agencies affected are responsible for obtaining approvals and must budget for the operating expenses related to the approved capital projects in the appropriate Operating Budget(s).

(5) TRADE AGREEMENTS

Specified purchases by Government and other public agencies are covered by the Canadian Free Trade Agreement. A summary of the guidelines is provided in Section 13.04 - Attachment I of the Manual.

Procurement Services should be consulted with respect to any question regarding the application of these agreements.

(6) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board or their delegated officer who will make the interpretation or refer the matter to Treasury Board, if a Treasury Board decision is deemed necessary.