



FINANCE POLICY CAPITAL EXPENDITURES

EFFECTIVE: October 1981
REVISED: April 1, 2013
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RELATED POLICIES: [Budget Procedure, Fixed Assets – Inventory](#)

POLICY

On an annual basis, Northern Lights College plans for the acquisition of capital equipment, or to undertake capital construction projects. The extent of capital expenditures to be undertaken during each fiscal year is planned and approved during the budget process.

PROCEDURE

A. CAPITAL EXPENDITURE IS DEFINED AS:

1. An acquisition of a single item which has a unit value of \$3,000 or more, is separately identifiable, and has a life expectancy in excess of 1 year.
2. A renovation or alteration to a building or other facility, including grounds, which substantially increases the value of the asset. Repairs or other expenditures to maintain the value are not considered to be capital expenditures.

B. FUNDING FOR CAPITAL EXPENDITURES MAY BE:

1. A designated grant from the Ministry which may be either:
 - a general grant through the Operating Fund (Equipment/Equipment Replacement), the use of which is determined by the College;
 - a project specific grant through the Capital Fund Certificate of Approval (COA), the use of which is restricted to the project.
2. An appropriation from the Capital Fund, to be determined by the College.

C. PLANNING PROCESS:

Planning is an ongoing process. Strategic Priorities should form the basis for identifying annual capital project requests.

Major projects (those in excess of \$1.5 million) should be carried out through Master Plans and are separate to this process. These items must be approved by the Ministry to be considered.

Criteria for Minor Capital Projects:

- Safety (items that directly impact the safety of staff or students);

- Accreditation Requirement;
- Preventive (items that could prevent future spending of maintenance money by a smaller current investment);
- Student access and usage;
- New programs/services support (identified as an institutional priority);
- Existing programs/services (based on historical usage and future potential - the greatest good for the most people); and
- Historical and projected usage (quantifiable data proving usage and projections based on that data).

D. TIMELINES:

1. Budget managers, working with the Vice President Corporate Services, put together a list of their proposed capital projects, the rationale for the work, how the work meets the criteria, and provide a preliminary cost estimate. The list should be developed annually by the end of December.
2. The Vice President Corporate Services will review all requests and compile a preliminary list of college-wide priorities. This list will be presented to the Administration Committee for review by the end of February.
3. Approval will occur annually by the end of April.

E. PURCHASING PROCESS:

Each Dean/Administrator/Manager who is allocated Approved Capital Funding has authority to purchase specific capital and must ensure the following guidelines are adhered to:

- The total allocation, by project or item, must not be overspent.
- Regular purchasing policies and procedures must be followed for all acquisitions.
- Capital funding cannot be used for general operations, and vice-versa.
- Surplus funds remaining in any capital item are returned to the Capital Fund for future reallocation.