

CATEGORY: BOARD POLICY – BOARD PARAMETERS	
TITLE: CAPITAL ASSET GOVERNANCE	REFERENCE NUMBER: FIN-180
APPROVED BY: PHSA BOARD OF DIRECTORS	LAST APPROVED: JUNE 11, 2009 LAST REVIEWED: JUNE 11, 2009

1. PURPOSE

1.1 The purpose of this policy is to establish the authority and responsibility for capital asset governance.

2. SCOPE

2.1 This policy applies to the Provincial Health Services Authority and its related members “PHSA”.

2.2 This policy applies to capital assets, including land, buildings and equipment. However, copyrights, intellectual property, patents, and similar items are excluded from this policy.

3. TERMINOLOGY

3.1 *Capital assets* are those assets that meet the following criteria:

- i) have a useful life expectancy of more than one year and meet the PHSA asset capitalization threshold;
- ii) are held for the continuing operating activities of the organization; and
- iii) are not intended for resale in the ordinary course of operations.

3.2 *Capital budget* is an annual allocation of funding for the purpose of capital expenditures.

3.3 *Capital plan* is a five year strategic projection of capital asset requirements and funding.

4. POLICY

4.1 The Finance Committee is responsible to advise the Board in respect of the capital budget and the capital plan.

4.2 The capital plan and the capital budget must be presented annually to the Board.

4.3 The capital budget should identify, as a minimum, the primary funding sources and the allocation of planned expenditures between both the agencies and the main categories of capital expenditures.

- 4.4 Board approval is required for:
- i) the total expenditures funded from the capital budget; and
 - ii) capital expenditure projects greater than \$5 million in the aggregate (including if subsequent allocations to a project bring aggregate expenditures greater than \$5 million), and any changes thereto except as provided under section 4.6.
- 4.5 The actual capital expenditures funded from the capital budget, analyzed between the agencies and the main categories and compared to the capital budget, must be reported periodically, and at least annually, to the Board.
- 4.6 The Chair of the Board or, in the absence of the Chair, the Vice Chair, may approve changes to capital expenditure projects previously approved by the Board under section 4.4ii) provided that:
- i) any additional allocations are less than \$5 million in the aggregate and do not contravene section 4.4 and
 - ii) the strategic purpose of the capital project is not compromised.
- Approvals granted under this section must be reported to the Board.
- 4.7 Management is required to advise the Finance Committee of strategic financial plans involving major capital expenditures as and when such plans are developed.
- 4.8 Acquisitions and disposals of real property require approval by the Board and the Minister of Health Services.

Policy created on: April 15, 2004 Revision dates: <ul style="list-style-type: none">• June 11, 2009
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