Procedure Name	*Capital Budgets*		
Procedure #	RM 3.2	Parent Policy	RM 3.0 Budget
Policy Owner	Board of Governors	Effective Date	January 1, 2019
Procedure Owner	Associate Vice-President, Finance and Corporate Service	Review Date	January 1, 2025
Approved by	Executive Committee	Approval Date	December 11, 2018

1.0 Purpose/ Background

In accordance with the *Post-Secondary Learning Act*, each year the Northern Alberta Institute of Technology ("NAIT" or the Institute) is required to prepare a Comprehensive Institutional Plan (CIP) that includes a budget for approval by the Board of Governors and the Minister of Advanced Education (the "Minister").

The CIP includes a capital equipment renewal target (the ratio of spending on capital equipment to the total value of capital equipment) that supports the continued achievement of strategic goals and meets the needs of students and communities over the long term.

2.0 General Principles

2.1 The Institute will budget for capital expenditures on a fiscal year that begins on July 1 and ends on the following June 30.

2.2 Each year, NAIT will prepare a business plan that includes a capital budget for the Board of Governors and Ministerial approval in accordance with the *Post-secondary Learning Act.*

2.3 Capital budget activities occur in five streams:

- Campus development
- Information Technology Services
- Renovations and Furniture
- Equipment
- Major Maintenance

2.4 The total annual capital budget allocation and allocation to each of the five streams is approved by the Board of Governors based on recommendations from the Capital Review Task Force and Executive Committee.

2.5 A separate process exists for preparing the Campus Development plan, which is managed by Facilities Management and Development.

2.6 The Information Technology Management Steering Committee, Facilities Management and Development, and the Equipment Steering Committee will prioritize requests within their approved allocation for the five streams.

2.7 The Information Technology Management Steering Committee, Facilities Management and Development, and the Equipment Steering Committee will determine timelines and processes for the submission and prioritization of capital requests.

3.0   Definitions

Term	Definition
Budget Manager	The employee, within each budget unit, that has been delegated responsibility for creating, managing, monitoring and reporting on the budget unit's budget
Budget Unit	A school/department/administrative unit/ancillary unit/business unit that, as an organizational grouping, operates as a single entity and as such is required to prepare an annual operating and capital budgets and forecasts
Capital Budget	Contains the approved spending for tangible capital assets for the fiscal year
Capital Review Task Force	Chaired by Associate Vice-President Finance and Corporate Services the Capital Review Task Force consists of: • Provost • Associate Vice-President Finance and Corporate Services • Associate Vice-President Facilities Management and Development • Chief Information Officer
Equipment Steering Committee	Committee chaired by the Provost or delegate to prioritize and recommend Equipment/ projects.
Executive Committee	Chaired by the President and Chief Executive Officer (CEO), the Executive Committee consists of: • President and Chief Executive Officer (CEO), • Provost • Vice-President Academic, • Vice-President Administration and Chief Financial Officer (CFO), • Vice-President External Relations and Chief Development Officer (CDO)
Facilities Management and Development	Division of NAIT responsible for prioritizing, recommending and planning Furniture, Renovation, Major Maintenance and Campus Development projects
Fiscal Year	A period commencing July 1 and ending on June 30 the following year
Information Management Steering Committee	Committee chaired by the Chief Information Officer to prioritize, recommend, and plan Information Technology projects

4.0   Procedures

4.1   Capital Budget Development

4.1.1   Prior to the commencement of budget activities, the Executive Committee may provide direction and key messages to guide capital budget development.

4.1.2   Budget Managers will prepare capital requests for each Budget Unit for the upcoming fiscal year and future years, as known, using the approved templates as provided by the Information Technology Management Steering Committee, Facilities Management and Development, and the Equipment Steering Committee.

4.1.3   The templates, timing, and processes for requests will be designed by each the Information Management Steering Committee, Equipment Steering Committee, and Facilities Management and Development and may include the requesting Budget Unit's estimated costs and rationale for the request.

4.1.4   Prior to the submission dates, Budget Managers must work within their leadership to attain approval of the capital budget request by the appropriate Dean or Director, the Associate Vice-President and the Executive Committee member.

4.1.5   Once requests have been approved by the Information Management Steering Committee, Equipment Steering Committee, and Facilities Management and Development, Financial Services will be notified of the approved capital projects and will set up Capital project codes as projects are initiated.

4.2   Budget Monitoring – Equipment

4.2.1   The approved Equipment budgets will be set up by Financial Services as approved Capital projects and assigned a project number.

4.2.2   Budget Managers will requisition these approved items using normal purchasing requisition forms and using the same item descriptions that were put into Hyperion (the financial planning and budgeting program) so Financial Services can easily match approved amounts with actual requisitions.

4.2.3   Where there are Information Technology Services (ITS) or Renovation implications associated with the approved capital Equipment item, Budget Managers will need to coordinate with ITS or FMD using the appropriate forms and approval processes (ITS Project Request Form, Network Line/Service Request Form, or Capital Renovation Request Form).

4.2.4   Cost estimate variances of less than $10,000 between estimated costs and actual costs will be monitored by the sub-committees and overages will be taken from, and savings will be returned to, the capital allocation balance.

4.2.5   Variances where actual costs exceed estimate by 10 % or $10,000 will need to go back to the sub-committee chair for approval to proceed.

4.2.6   Exchanges – Where an approved item is being substituted by another similar item, no further approval is required (e.g. budget was approved for a PC, decision to purchase a MacBook would require no further approval), subject to over/under $10,000 variance as per above.

4.2.7   Regardless of the value, when an approved item is no longer required, funds will be returned to the Capital Budget and redistributed as appropriate.

4.2.8   New Requests - Items required within the budget year that have been vetted through Budget Unit leadership should be requested by the Budget Manager, along with an email to the sub-committee chair detailing the request. The sub-committee chair, in consultation with the Associate Vice-President Finance and Corporate Services, will either approve the new request if funds are available and where there is enough support for proceeding, or call a meeting of the sub-committee to review and recommend a decision.

4.2.9   When new requests cannot be accommodated within the current year allocation and the request is determined to be high priority, the sub-committee chair and Financial Services will assess options, including the potential need to bring forward a request for additional funding to Executive Committee.

4.2.10   Requests for future years can be added by Budget Managers at any time to Hyperion and will be considered when future Capital Budget allocations are made.

4.3   Budget Monitoring – Information System Projects

4.3.1   The approved information system projects will be set up by ITS as approved projects. A project charter will be created when appropriate and all projects will be monitored through to completion by ITS.

4.3.2   ITS has a portfolio management process for approval and monitoring of IT projects. The details on this can be found at [IT portfolio management process](#).

4.4   Budget Monitoring – Capital Renovation Projects, Campus Development, and Major Maintenance

4.4.1   The approved capital renovation/furniture, campus development, and major maintenance projects will be set up and monitored through completion by Facilities Management and Development.

4.4.2   FMD Procedures under development.

5.0   Exceptions to the Procedure

5.1   Exceptions to this procedure must be documented and formally approved by the Policy Lead.
Procedure exceptions must include:
- The nature of the exception
- A reasonable explanation for why the procedure exception is required
- Confirmation that the exception aligns with the general principles
- Any risks created by the procedure exception and how they will be managed.

6.0   Related Documentation

RM 3.0 Budget
RM 3.1 Operating Budgets
RM 3.3 Capitalization of Internal Resources

Document History

Date	Action/ Change
Dec 11, 2018	New