



BUDGET PRINCIPLE: 1.10

Replaces Budget Principle Dated: N/A

Major Capital Projects

**Approved by Algonquin College
Executive Team: March 13, 2019**

Effective Date: March 13, 2019

INTRODUCTION

The Algonquin College Board of Governors Policy *BGII-02 Financial Management* delegates the President the authority to maintain the financial integrity of the College. This policy states that the President shall not permit the purchase, sale or encumbrance of any College property or facility in excess of \$1,000,000 without prior Board approval.

DEFINITIONS

Major Capital Projects are one-time investments in specific projects with a value greater than \$1,000,000, have a start date and end date, and are of strategic importance to the College.

Material Budget Change is deemed to be 15% of the total project expenditures or \$1,000,000, whichever is less.

PURPOSE

The purpose of this Budget Principle is to establish the approval process, mandatory budget components, and policy terms for Major Capital Projects.

PRINCIPLE

Algonquin College is an Ontario Broader Public Sector entity controlled by the provincial government. The Board of Governors and the College administration is required to implement and maintain sound financial management practices in operating the College. Investments in excess of \$1,000,000 require appropriate needs identification, planning, costing (including total cost of ownership), return on investment determination, risk assessment, approvals and execution in order to demonstrate value for money.

POLICY

1. Authority

The Algonquin College Board of Governors has the authority to approve all Major Capital Projects including the budget and timelines. Any increases to budget, scope or extensions to timelines must be approved by the Board of Governors. An appropriate investment case that is objective and asserts the project's strategic importance and achievability must be prepared and presented to the Board of Governors for each Major Capital Project.

2. Accountability

Each Major Capital Project must have a single project manager that is accountable for the project's timelines, budget, execution and outcomes. The project manager will be provided with appropriate

resources and employees who will be held accountable for specified project components. Each Major Capital Project will have one or more executive sponsors assigned from the Algonquin College Executive Team.

3. Budget

Major Capital Projects will be allocated an appropriate budget from the College’s Strategic Investment Priorities budget. Major Capital Projects and their budgets may extend over multiple fiscal years.

All Major Capital Projects, approved or in concept development and pending approval, must be included in the College’s Five-Year Capital Investment Requirements Plan with identified Sources of Funds.

The submitted budget for approval must contain sufficient detail to present an appropriate estimate of the total project cost. At a minimum, the following cost components must be included in all budgets for Major Capital Projects:

- Project Management
- Procurement
- Legal Fees
- Audit Fees (if applicable)
- Communications
- Contingency
- Harmonized Sales Tax (net cost)
- Furniture, Fixture and Equipment (if applicable and may be dependent on funding restrictions)
- Class of Cost Estimate Accuracy for each Cost Component

Algonquin College’s Classes of Cost Estimate Accuracy are listed:

CLASS	COST ESTIMATE ACCURACY
G / F	None
E	+ / - 100%
D	+ / - 50%
C	+ / - 30%
B	+ / - 20%
A	+ / - 5%

The Executive Sponsor must explain the rationale for the classes of cost estimates applied when proposing Major Capital Projects and associated budget for approval.

Once a budget for a Major Capital Project is established at a fixed value, material increases to the budget cannot be incurred without approval from the Board of Governors. A material change is deemed to be 15% of the total expenditures of the project or \$1,000,000, whichever is less. In the event that additional Sources of Funds become available, the Project’s expenditure budget will remain at its original fixed value unless approval for an increase in scope and budget is obtained from the Board of Governors.

4. Intended Outcomes and Assessment

Strategic Investment Priorities projects/programs and initiatives must achieve the stated outcomes and/or success measures that were presented with the funding request to the Board of Governors. At the conclusion of each Major Capital Project, an assessment will be undertaken to measure and assess whether or not the intended results were achieved.

5. Sources of Funds

The following are potential sources of funds that may be utilized to fund Major Capital Projects:

- Specific non-operating government/agency grants
- Net contribution from College non-funded activities (College Ancillary Services, International Education Centre and Contract and Other Non-Funded Activity)
- A defined portion of the net contribution from funded activity as determined by the President
- Internally Restricted Net Assets (also known as reserves or accumulated surpluses) subject to approval by the Board of Governors
- Donations of cash and/or gifts in kind from external donors
- Loan proceeds or the assumption of debt subject to approval by the Board of Governors
- Other external partner contributions to the College

6. Reporting

On a quarterly basis, all Major Capital Projects will be reported to the Board of Governors and must include status of timelines, budget, execution and risks.

PROCEDURES

All proposed Major Capital Projects must follow the process outlined in the document [Significant Strategic Investments – Framework for Business Case Development](#). Refer to the Finance and Administrative Services website to access this document.

Related Budget Principles and Policy:

- BGII - Board Governance Policy – Financial Management
- 1.05 Infrastructure Renewal Funds
- 1.06 Internally Restricted Funds
- 1.08 Strategic Investment Priorities
- 1.09 Strategic Investment Priorities Annual Budget Allocations