# BOARD OF DIRECTORS MANUAL

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| CATEGORY: | FINANCE | NUMBER: III-002 |
| ISSUED BY: | FINANCE AND AUDIT COMMITTEE | PAGE: 1 of 2 |
| APPROVED BY: | BOARD OF DIRECTORS | |
| DATE OF ISSUE: | MAY 2011 | |

## CAPITAL PLANNING, FUNDING AND EXPENDITURES

Purpose:

This policy ensures that priorities as determined in the Capital Plan are funded to meet program needs, meet acceptable financial risk and consider issues related to timing. It ensures that nonbudgeted or new sources of capital funds are applied with due diligence.

Policy:

The Hospital will coordinate all sources of capital funds so that new capital required to meet the priority health needs of the community is sourced and applied responsibly.

Procedure:

1. The Board authorizes the CEO to make capital purchases/projects approved in the current capital budget.

    a. Up to the value of $1,000,000 can be purchased provided that the purchase amount does not exceed the budgeted amount by more than 10 percent. In the event of a significant variance from the approved plan, the capital item will be brought back to the Finance and Audit Committee for further review.
    b. Over the value of $1,000,000 must be brought forward individually to the Finance and Audit Committee for recommendation to the Board prior to purchase.

2. The Capital Plan shall include a contingency for unexpected purchases. The CEO is authorized to purchase capital items within this contingency provided that the total capital budget for the fiscal year is not exceeded, or a third party source of funding is identified.

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3. The CEO is authorized to purchase any capital item needed on an emergency basis where life safety is threatened and inform the Finance and Audit Committee immediately thereafter.

4. For expenditures required to acquire or dispose of Land or Real Property – refer to Board Policy III-010 "Use and Disposition of Real Property".

5. The CEO shall:
   a. Ensure that the Capital Budget is in keeping with the Strategic Plan of the Board.
   b. Ensure that the Capital Budget is prepared taking into consideration the input from the Hospital's staff, physicians, Foundation and the Auxiliary.
   c. Identify direct donations from private sources provided they meet the requirements of the Hospital as referred to in the Donation Policy III-007.

Definition:
A capital asset is:
- Any capital expenditure in excess of $5,000 or,
- Any commitment to acquire a capital item that is a Capital Lease as defined in the CPA Canada Handbook
- One that is not consumed in the process of being used, has a life expectancy beyond the current year, and is not intended to be resold.

Real Property is:
- Any property that is attached directly to land, as well as land itself. Real property not only includes buildings and other structures, but also rights and interests. Real property can be either rental or residential.

References:
NHH Bylaw

Approved:
November 30, 1998
March 2001
April 2002
October 2008
May 2011
March 2014
March 2016 revised
February 2017 reviewed February
2018 reviewed
February 2019 revised
February 2020 reviewed
March 2021 reviewed
May 2022 revised
March 2023 revised
March 2024 reviewed
March 2025 reviewed
May 2026 reviewed

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