QUALITY MANAGEMENT SYSTEM – Policies and Procedures

Standard 3  Financial, Administration and Physical Resources

Policy title:  (F06) Capital Expenditure Request and Approval

| First approved: | Prior to 2003 | Approving body: | Management Forum |
| Current version approved: | November 2011 | Responsibility: | Director Finance |
| Applies from: | November 2011 | First point of contact: |
| Review due: | November 2014 | |

Policy overview

1. Purpose/Principles

To ensure that all capital requests and approvals follow a process that will lead to maximizing the investment potential in BoPP and are approved within a long term strategic plan, a sustainable protocol, the financial funding availability and the financial viability.

2. Scope

This policy applies to all capital expenditure requirements. This policy does not concern itself with the procurement process for capital expenditure.

3. Definitions

**Capital Expenditure (CAPEX)**  
Relates to all assets whose life has a span greater than one year and a value greater than $300 or is an item of any value if it is an electrical good, furniture or computer hardware or software.

**Capital Asset Management (CAM) in Tertiary Education**  
“Is the systematic approach to managing capital assets to best meet the educational and business needs of learners, community, industry, iwi, and tertiary education organizations” It also ‘is the process that provides the integrity and transparency of capital planning and it provides the evidence and supporting material to demonstrate that projects are delivering strategic objectives, consider external influences and are justified’. TEC Aug 2010

**CIC**  
Capital Investment Committee

4. Policy

4.1 All capital expenditure (CAPEX) requests and approvals will follow the procedural processes as outlined in section 5

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1 The was previously approved with the title of Capital Expenditure. Track changes not used on this policy

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Please refer to the electronic source (Hinaki) for the controlled latest version.
4.2 All CAPEX approved will be within the criteria set down by the BoPP’s Capital Asset Management process, BoPP’s strategic vision and Investment plan, BoPP’s campus development and academic programme development plans and any partnership agreements.

4.3 A capital investment committee (CIC) will be set up with the responsibility to:

4.3.1 Stipulate on behalf of the Executive the criteria for the CAPEX processes and criteria for any given year.
4.3.2 Receive all capital requests
4.3.3 Ensure the capital approval process as shown in clause 5 is adhered to.
4.3.4 Review business cases and associated analysis
4.3.5 Prioritise the capital requests for expenditure
4.3.6 Recommend to executive and council an appropriate capital budget and priority based on the Capital Asset Management Plan, strategic priorities and available funding
4.3.7 Advise HOS’s and Business Unit Managers of the agreed budget once approved.

4.4 Membership of the CIC will consist of Finance Director, Facility Manager, Resource Adviser and Project Accountant

4.5 Business cases will be required for all requests in excess of $5,000. For requests in excess of $250,000 a major business case is required. For requests between $5,000 and $250,000 a shortened version may be used unless otherwise required by the CIC.

4.6 There will be various pools of available resources namely:

4.6.1 Government Specific Grants
4.6.2 Major development including new development, reconfiguration, modernization, sustainability, compliance, deferred maintenance and major plant & equipment purchases.
4.6.3 Facility categories that include furniture, fixtures, fittings, office equipment and expenditure to meet capital compliance regulations.
4.6.4 ISS Hardware
4.6.5 ISS Software
4.6.6 Specific Plant and Equipment needed by Schools and Business Units
4.6.7 Motor Vehicle
4.6.8 Contingency
   (a) Replacement due to failure on unforeseen circumstance
   (b) Developments that eventuate as a result of changed programme requirements.

4.7 The CAPEX approval process timelines are as follows:

<table>
<thead>
<tr>
<th>Process</th>
<th>Responsibility of:</th>
<th>Reports to:</th>
<th>Deadline date</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7.1 New programme and redeveloped programme generated CAPEX needs</td>
<td>Academic Committee</td>
<td>CIC</td>
<td>Mid April</td>
</tr>
<tr>
<td>4.7.2 HOS’s and Business Unit Managers wish list needs communicated</td>
<td>HOS’s and Business Development Managers</td>
<td>CIC</td>
<td>End April</td>
</tr>
<tr>
<td>4.7.3 Partnership wish lists needs communicated</td>
<td>Partnership Joint Ops Committee</td>
<td>CIC</td>
<td>Early May</td>
</tr>
<tr>
<td>4.7.4 Review of initial lists</td>
<td>CIC</td>
<td>CIC &amp; Facility Manager</td>
<td>Mid June</td>
</tr>
</tbody>
</table>

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4.7.5 Review of Space requirements that fall out of initial review

| 4.7.6 | Re-review with recommendations to directorate on priorities |
| Facility manager | CIC | End June |
| 4.7.7 | Directorate to approve subject to facilities and ISS further review |
| Directorate | CIC & Facility Manager | Mid July |
| 4.7.8 | CIC to compile final recommended annual CAPEX budget |
| CIC | Directorate | Mid August |
| 4.7.9 | Final CAPEX budget approved by Directorate |
| Directorate | Directorate | Mid August |
| 4.7.10 | Final CAPEX budget approved by Council |
| Council | Directorate and CIC | End August |
| 4.7.11 | Approved CAPEX budget communicated back to HOS’s and Business Development Managers |
| CIC | HOS’s and Business Unit Managers | Early September |

4.8 Approved CAPEX does not in itself grant the right to spend the money.

4.8.1 All requests to spend must first go through the finance department to conform to the formal procurement process i.e. $5,000 to $50,000 requires three quotes and over $50,000 requires going through the tender process. The All of Government (AOG) contract protocol is used.

4.8.2 All CAPEX purchases orders must be raised through the ‘Hardcat’ and purchase order systems utilising Facilities, ISS or Finance as appropriate.

5. Procedures

5.1 Executive to advise the CIC of the current Campus Development Plan requirements by Mid April

5.2 Academic Committee to advise CIC of the approved programme CAPEX requirements by Mid April

5.3 CIC to request from HOS’s and Business Unit Managers requests for capital needs for the next two years by asking them to complete a data input form provided by Finance.

5.4 Facilities and ISS will undertake an initial review of requests and provide preliminary feedback to the CIC so that it may be informed when it undertakes the first level review.

5.5 CIC will review, evaluate and prioritise all CAPEX requests within the Campus Development Plan, the Academic Plan, the Capital Asset Management plan, BoPP’s strategic plan, and the strength of the accompanying business cases.

5.6 After Directorate provisional approval, CIC will then confirm the implications of their priorities by asking the Facilities and ISS Managers to undertake a detailed review of the proposals prioritized for the following year so feasibility, timelines and likely costs can be established before any final recommendations are made.

5.7 After Council approval, CIC will clearly communicate back to HOS’s and Business Unit Managers the approved CAPEX spend for the following year clearly showing the pool of money from which the CAPEX has been attributed.

Related policies
- A01 Programme Development, Approval and Accreditation Policy
- PR11 Time-tabling Policy
- F08 Tender Process
- TBD - various Procurement Policies
- TBD - Capital Asset Management policy
- Cabinet Office Guidelines

Related forms
- TBD - Two business case templates
http://www.dpmc.govt.nz/cabinet/circulars/co10/2.html

- NZ Asset Management Support NAMS guidelines -see
  http://www.nams.org.nz

- State Services Commission Gateway Review www.ssc.govt.nz