
CAPITAL

Overview

Functional Responsibility

Chief Financial Officer

General Considerations

CPMC = Capital Planning & Monitoring Committee

Introduction

All Capital Expenditure is subject to the delegated authorities as prescribed in this policy regardless of the source of funding. This includes Capex funded by way of internal and external trust funds, donations and financing leases.

Shared Services Finance can provide clarification (as and when required) of what constitutes annual Capital Equipment, Capital Works and Major Maintenance Budgets.

Cost

Total Cost

The total project cost is used for the purposes of determining authority limits. This includes installation, building alterations and purchases from several different vendors or from different budgets.

Direct Labour Cost – Projects >\$5m

Where ADHB employees are to be involved in the project, for a period of more than 3 months as a full time equivalent all direct costs should be included in the capitalised initial cost to the extent that they relate to bringing the asset to the location and condition necessary for intended service.

Accounting Treatment of Cost less than \$1,000

Capital Equipment with aggregate cost for any purchase under \$1,000 is expensed under the operational budget.

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Overview, Continued

Supporting Documentation – General

The following documentation is required for approval of all capital projects:

- Capex form - supplied by Shared Services Finance.
- Capital Expenditure Justifications as follows:
 - Projects \$5,000 - \$50,000 - a one to two page narrative
 - Projects over \$50,000 - a full Cost Benefit Analysis (CBA) in the form prescribed by Shared Services Finance.

Approval Process – Capital Equipment, Capital Works & Major Maintenance

Capex \$1,000 to \$50,000 - Requires a Capex form and for items over \$5,000 a one to two page narrative justification is also required. General Manager to approve purchase within overall limit set out in the Board approved Capex Plan.

Capex over \$50,000 or unbudgeted items > \$25,000 - Requires a Capex form and a full cost benefit analysis in the form prescribed by Shared Services Finance. The Board approved Capex plan will record the approved projects. The documentation for all these projects should be sent to Shared Services Finance for approval as prescribed in the policy after internal endorsements obtained.

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Summary 3: Capital

No.	Description	Level 1	CFO	Level 2	Level 3	Level 4	Other Comments
	<i>Equipment included in the official annual ADHB Capex Budget</i>						
3.1*	Approve expenditure	<\$500,000	<\$250,000	<\$100,000	<\$10,000		Capex form required. > \$200,000 full cost benefit analysis required, terms endorsed by planning committee. Capital planning and monitoring committee endorsement >\$100K.
	<i>Equipment not included in the official annual ADHB budget</i>						
3.2*	Approve expenditure or substitutions	<\$250,000	<\$125,000	<\$50,000			Capital planning and monitoring committee endorsement >\$100K.
	<i>Equipment: To purchase any Capital Equipment once all required levels of approval have been obtained</i>						
3.3	Issue purchase order / contract for authorised items	FA	FA	Materials Mgr FA			
	<i>Equipment: Sale, disposal or scrapping</i>						
3.4	Sell or dispose of Capital Equipment	<\$200,000	<\$100,000	<\$50,000	<\$10,000		Decision in consultation with - <\$10,000 Finance Manager, <\$200,000 CFO
	<i>Capital Works and Major Maintenance included in the official annual ADHB Major Maintenance Budgets</i>						
3.5*	Authorise expenditure for projects	<\$500,000	<\$250,000				Capex form required, full cost benefit analysis if > \$50,000

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Summary 3: Capital, Continued

No.	Description	Level 1	CFO	Level 2	Level 3	Level 4	Other Comments
	<i>To Sign Deeds Relating to Performance Bonds</i>						
3.6	To sign deeds relating to performance bonds	CE & CFO	CFO & Facilities Manager				Must be approved by Legal and Governance
3.7	To sign deeds of warranty and/or guarantee	CE & CFO	CFO & Facilities Manager or Building Manager				Must be approved by Legal and Governance
	<i>Capital Management Projects – Contingency, Substitution & Savings Management</i>						
3.8	Access to contingency, substitution and utilisation of savings	<\$250,000	<\$50,000	<\$25,000	<\$10,000		Project Manager <\$10,000 Project Sponsor <\$25,000

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