CAPITAL PROJECT APPROVAL PROCESS

Introduction

Effective January 2012, a documented Capital Project Approval is required for internally-funded projects that are either:

- $50,000 or greater if with only one internal funding source; or
- If with more than one internal funding source, $25,000 or greater

This approval process comprises of a Summary Business Case of the proposed project; accompanied by a Capital Project Agreement signed by all parties sponsoring, constructing and funding the project as proofs of their promises of respective deliverables. Final approval rests with Financial Services or the Board of Governors, depending on project costs. Capital projects can only commence upon final approval.

The main purpose of this process is to ensure accountabilities for:

- Funding Approval
- Funding Realization, and
- Cost Overruns

Preparation of the Summary Business Case is the responsibility of the Project Sponsor.

Instructions to complete the Capital Project Summary Business Case & Agreement template

(The template for the Capital Project Business Case & Agreement is available on the Financial Services website. Click the link here to download the template: Click the link here to download the template)

The project sponsor is typically responsible for preparing the Summary Business Case, which should be limited to no more than 2 pages in length. Please complete the following sections by overriding the blue font descriptions in the template with your respective project information:

1. **Header** Project name and preparation date: enter in the header section of the Business Case template.
2. **Executive Summary**: provide an overview of the Business Case, focusing on purpose and outcome of the proposal.
3. **Issue/Opportunity Statement**: state the specific business problem to be solved or opportunity to be leveraged in establishing this project.
4. **Proposed Solution**: describe what and how the proposed capital project will solve the problem or provide the opportunity.
5. **Measurable Outcome(s)**: support your proposed solution with quantifiable benefits.
6. **Project Risk Assessment**: Identify potential financial and other risks of this project in the left box provided, under Risk. In the right box, under Planned Mitigation, for each risk identified, provide a corresponding mitigation plan to avert or minimize such risk.

7. **Costs and fundings**:
   - Provide the start and end dates of the project.
   - Provide the amount of funding from each funding source.
   - Enter the total project cost/funding in the bottom left box called Sum of Above Fundings.

8. Upon completion of the Summary Business Case, the following parties have to sign, in the following order, on the **Capital Project Agreement form**:
   a. **Project sponsor(s)**, whose responsibilities are to secure spending authority and resources for the project, to agree that the Business Case is sound and they will deliver its described outcomes
   b. **Project manager(s)**, to agree that they will deliver the approved scope of project on time and on budget
   c. **Planning funding unit(s)**, to agree to provide funds for planning and initial cost estimating. This agreement is particularly important if the proposal project does not receive eventual approval, but has incurred initial planning expenses
   d. **Project funding unit(s)**, to agree that they will provide the funds as specified

9. **Account Initiation Approval**: After the above-stated responsible parties have duly signed, forward the Business Case & Agreement document to Financial Services for the execution of the final sign-off. The level of authorization is based on the largest item of cost in the project, as per the University Policy B10.11 for signing authorization thresholds.
   - $0-$200,000 : Associate Vice President, Finance
   - $200,000 - $2000,000 : Vice President, Finance & Administration
   - Over $2,000,000 : Board of Directors

10. Financial Services will proceed to set up the approved capital project.

**Principles of Operations**

- **Summary Business Case** will be signed by all parties sponsoring, building and funding the project.

- **Individual responsibilities** for costs and funding will be as signed on the Summary Business Case.

- **Project accounts** will be set-up incrementally when appropriate approvals are in place. Project accounts are opened for the project sponsor(s) who may delegate signing authority to others via the Signing Authority Delegation process.

- **Cost responsibility** will be the sponsors’. If a second sponsor is responsible for a major aspect an additional project will be established.
• **Cost monitoring** will be the responsibility of the project manager who is assigned to oversee the project by the project sponsor(s). Project sponsor(s) and the project manager will be provided FAST access. The project manager will also receive a monthly project progress report from Financial Reporting. The project manager is to ensure that the project is completed within budget.

• **Cost overruns** approved by the project sponsors will be the responsibility of respective sponsors. Unapproved cost overruns will be the responsibility of the project manager.

• **Cost reporting** to the Board for all projects is the responsibility of the Chief Facilities Officer based on financial information prepared by Finance.

• **Funding reporting** to the Board for all projects is the responsibility of the AVP Finance.

• **Internal services** from one area to another must be agreed up-front to be on a fixed price or cost basis.

• **Completion reports** will be prepared when a capital project is completed and the project accounts closed. These will be circulated to the responsible people to compare actual results with the planned results in the Summary Business Case.

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**Business Case & Agreement Amendment**

If there is any subsequent change to the approved business case agreement in the project’s scope, funding parties &/or funding amount, an amendment agreement with proper approval is required. To access the Capital Project Business Case & Agreement Amendment template, please click the link here to download.