**In-Year Budget Management – Capital Investments**

**Purpose:**

It is recognized that costs of projects can change from the original cost estimate at time of planning to the time projects are fully implemented. The purpose of this Financial Management Model is to establish the principles, processes and tools for disclosing, analyzing and managing financial shortfalls and/or surpluses within the capital investment portfolio of the college.

**Principles:**

**Financial/Budget Management practices within the College should reflect an organization of accountability and transparency.**

The capital investment plan has been approved by the College executive and divisions are accountable to manage and deliver the plan.

Budget Managers must stay within the budget to deliver the portion of the plan they are accountable for and thus must have certain flexibility to do so.

All activity in the management of the plan must be transparent.

Disclosure of changes to the original plan will be required when changes are considered a risk to the College and/or are significant.

Projects funded by sources outside of the College operating funds must be spent on what they were approved for, changes to these items are outside the decision making authority of the College.

**Process:**

The following describes a number of scenario’s that may occur within the year and the process you should follow.

**What if I go over budget ?**

When it is known that the cost of the item/project is going over budget, the budget manager should first consider if they can scale back without creating risk, (for example, where 4 widgets verses 5 would create little impact.) No disclosure is required for a scale back of this nature. Proceed with the procurement process.

Otherwise, to provide flexibility needed to stay within budget, *(Director/Dean)* may substitute dollars between individual projects **but must not change the original intent of any one project**.

Where a cost overrun is the lessor of $5,000 or 15% of budget, of original approval, budget managers need to track these amounts and plan the offset (for example scale back other projects if needed). Proceed with procurement. At budget update, budget managers will be accountable to provide adjusted budgets with known substitutions. **Note however that you cannot offset a cost overrun with savings from special purpose grant funds that is tied to a ministry approved purchase such as using Apprentice Equipment fund saving on a general college purchase. If in doubt, please contact the budget office to discuss your plan.**

Where a cost overrun is >= $5,000 or 15% of original approval, the budget manager will be required to disclose the budget risk **with proposed offset** if one exists to their divisional VP and capital committee representative. Approval from VP with disclosure to the capital planning committee will be required prior to proceeding with final purchase.

Any changes > $50,000 are subject to Board of Governors approval.

**What if I am under budget on a project?**

Again, Budget managers may substitute dollars between individual projects but must not change the original intent of any one project. Budget managers should maintain a tracking of all budget savings and be prepared to provide listing of saving to the budget office at budget update. For saving lessor of $5,000 or 15% of original approval due to item costs being less than budget, managers may decide to purchase more items should they be needed, keeping with intent of original plan and within original budget.

Savings on projects >= $5,000 or 15% of original approval must be disclosed to the budget manager’s VP and capital committee representative as soon as they are known. The VP may redirect savings from anyone project up to $25,000 however all savings > $25,000 must be disclosed to ELT.

**No longer need the item approved?**

It is considered a change to the intent of the plan when an item/project is not going to be purchased/delivered. The funds approved for the item/project must be disclosed to your VP along with the capital committee representative. The Budget Office will be accountable to track projects not moving forward and will bring recommendations for any redirection of these funds to ELT through the Capital Planning Committee.

**Need something not on the approved Capital list?**

Items < $5,000 should be funded from within your operating budget finding your own offset.At budget update, budget managers will be accountable to provide adjusted budgets with known substitutions from within operating.

**New projects > $5,000 must be requested by using the** [**Capital Item Request Form.**](https://department.flemingcollege.ca/budget-services/capitalinvestment-forms/)

All in-year request should come with a proposed budget offset or rational as to the urgency of the request and why new money needed. New capital requests will not be entertained for the current budget year following January 1 unless there is an emergency and approved by the college executive.

**This form must be emailed to your capital committee representative and an appropriate Budget Manager (if not being sent from Budget Manager directly)**

**Capital Committee Representatives:**

Angie Sims: co-ordinates asset requests from Finance, Human Resources Strategic Planning and President Office.

Terry Williams: represents facility and grounds infrastructure requirements including renovations, energy saving initiatives and further sustainability initiatives. Accountable for building infrastructure where assets are integral to operations of the building and typically non-movable equipment. (i.e. HVAC).

Travis Doak: represents all residence infrastructure and student services equipment request including movable equipment for areas such as library, heath services, mental health initiatives and student government joint initiatives. Co-ordinating renovations requests and IT plans for the areas for input into Physical Resources and Information Technology planning.

TBD: represents information technology infrastructure including consideration for IT asset plans for all areas of the college with the exception of specialized program delivery needs. Co-ordinate requests triggered from EOLT.

Molly Westland: represents program delivery equipment requirements including specialized labs that are not integral components to building operations. Co-ordinate requests from academic committee including product development, enrolment management and academic IT committee for input into all applicable plans. Co-ordinate movable equipment requests from Register office.

Sandy Marett: represents process to secure gifts/donations supporting asset infrastructure multi-year plans. Ensures committee is aware of opportunities and aids in overall integration of College wide capital investment planning. Co-ordinate asset requests from Marketing, Advancement.