Chapter 5.0 provides an overview of the administrative processes that apply when AHS delivers Health Capital Projects. While AHS will normally deliver projects with a TPC less than $5 million (Minor Capital Projects), there may be circumstances where the GoA will authorize AHS to deliver projects with a TPC exceeding $5 million. In either case the provisions of this chapter will apply when AHS delivers any capital project.

Projects that meet the eligibility criteria for funding under the IMP are not eligible for approval as a Minor Capital Project (see IMP eligibility criteria section 6.2.1).

TBF approves funding for Minor Capital projects subsequent to the submission of a capital funding proposal by HEALTH. The capital planning and submission processes for Minor Capital Projects follow those delineated in Chapter 3.0 of this manual.

For efficiency TBF may approve a program funding envelope to facilitate the planning, approval and delivery of several projects within a pre-approved funding program. Examples of program funding include the Capital Transition Initiative (CTI) and the Safe Communities (SafeCom) programs. TBF may also impose restrictions on the use of program funding, such as a maximum TPS (not to exceed). TBF delegates to the Minister of HEALTH the authority to plan and prioritize project proposals within a program. To proceed to the delivery stage, individual projects that are funded from program funds require the joint approval of the Ministers of HEALTH and INFRA. The above process related to program funding applies whether the project is delivered by AHS or by INFRA.

5.1 Organizational Roles and Responsibilities

To effectively oversee the organizational responsibilities for the management of Minor Capital Projects, the following governance is in place.

5.1.1 Tri-Party Oversight

The Joint Operations Committee and the Joint Steering Committee provide oversight and issue resolution associated with the planning and delivery of the health capital projects and programs (see Chapter 4.0). AHS, HEALTH and INFRA are represented on both committees.
Decisions to Amend Delivery Authority

The Joint Operations Committee may recommend to the Joint Steering Committee that AHS deliver a project with a TPS greater than $5 million. The Joint Steering Committee may approve the recommendation or elect to recommend a course of action to the Ministers of INFRA and HEALTH as appropriate. Where this occurs, a grant funding agreement approved by the Minister of INFRA will be required to flow the money to AHS, for the project delivery.

Conversely, the Joint Operations Committee may recommend that INFRA deliver a project with a TPC less than $5 million. In reviewing such proposals, the Joint Committees should consider whether efficiencies in project delivery or other synergies will result. Efficiencies may result from similarity with other projects, or the co-location of two or more projects.

5.1.2 Alberta Health Services

Unless otherwise directed by the GoA, AHS is responsible and accountable for the planning (needs assessment and Functional Program) and delivery of Minor Capital Projects, or any other project that the Ministers authorize for delivery by AHS. AHS is responsible for managing the projects, including the key responsibilities that follow:

- prepare Needs Assessments and identify prioritized health facilities capital project proposals, consistent with the CPP outlined in Chapter 3.0, for funding consideration by HEALTH;
- prepare a Business Case, for subsequent review by INFRA and approval by HEALTH (for some projects, the Business Case is undertaken by INFRA as the project scope and cost is unknown, and the Business Case will confirm if it is a major or minor capital project);
- manage the delivery of Minor Capital Projects, including the Functional Program, design, construction and commissioning activities and the procurement of F&E/IT, in accordance with the provisions of the Grant Funding Agreement (Appendix ___);
- deliver projects within the budget approved by the Ministers of HEALTH and INFRA (any unapproved increases in the budget will be borne by AHS); and
- provide project reports to INFRA per section 5.3.1.

Where a surplus is identified in a project, AHS may propose to the Ministers of HEALTH and INFRA that the funds be applied to another project or an unfunded proposal. Reassignment of surplus funding requires the joint approval of the Ministers.
5.1.3 **Alberta Health**

HEALTH’s key responsibilities for Minor Capital projects include:

- review Needs Assessments and approve Business Cases related to AHS funding proposals;
- submit Minor Capital Funding proposals, including program funding requests that include multiple projects, to TBF consistent with the CPP delineated in Chapter 3.0;
- for a project proposal that meets TBF criteria for program funding, manage the prioritization of such proposals and jointly approve program funding, with INFRA, for their delivery; and
- communicate individual project funding decisions to AHS jointly with INFRA.

5.1.4 **Infrastructure**

INFRA’s key responsibilities for Minor Capital Projects include:

- review the Business Case, for subsequent approval by HEALTH (for some projects, the Business Case is undertaken by INFRA as the project scope and cost is unknown, and the Business Case will confirm if it is a major or minor capital project);
- provide oversight of approved health capital funding, including Minor Capital Projects, to ensure that projects are implemented in accordance with any terms or limitations concerning the project approval (scope, schedule, cost);
- prepare a Grant Funding Agreement, subject to prior funding and delivery authorization by the Ministers, to facilitate the transfer of funding from INFRA to AHS;
- receive, review and approve project reports from AHS; and
- provide technical advice, upon request, to assist with problem evaluation or the assessment of alternate solutions, and respond to questions regarding planning and project approvals.

5.2 **Project Funding Guidelines**

5.2.1 **Pre-conditions for Grant Payments**

The payment of grant funding to AHS for approved Minor Capital Projects will be subject to confirmation that a Grant Funding Agreement has been signed by the Minister of INFRA and AHS. Approval of the Grant Funding Agreement is contingent on the following pre-conditions:

- completion of a Business Case cost assessment
• prior approval of a funding source, pursuant to any conditions as stipulated by TBF, including the sufficiency of the funding to meet the scope, schedule and cost requirements of the project, as outlined in the Business Case; and
• receipt of a Joint Ministerial approval (letter), authorizing the delivery of the project by AHS.

5.2.2 Grant Payment Process
• grant payments will be deposited into the AHS Consolidated Cash Investment Trust Fund (CCITF) account;
• funding will be flowed from INFRA to AHS based on the cash flow approved by the Ministers of HEALTH and INFRA;
• issuance of any further grant funding for a particular fiscal year will be subject to receipt of ongoing quarterly expenditure reports from AHS (see reporting under section 5.3.1);
• AHS is responsible for any overages to the capital project budget allocation delineated in the Grant Funding Agreement unless prior approval is received from the Ministers of HEALTH and INFRA; and
• funds remaining upon project completion are to be returned to the GoA, unless otherwise authorized to redirect the funds by GoA per section 5.1.2.

5.2.3 Eligible Minor Capital Project Costs
Minor Capital Project funding may include the following types of eligible costs:
• functional program, design, construction and commissioning;
• fees for consultants and inspection agencies;
• installation, replacement, upgrading or repair of building systems equipment where such costs are a direct result of the capital project and not subject to routine replacement or upgrade within the building’s maintenance and life cycle management program;
• the purchase of program delivery equipment required as the direct result of a capital project for the purpose of delivering new health programs, or to expand existing programs (see section 7.3 for greater detail on F&E/IT eligibility criteria);
• the upgrade or replacement of existing program delivery equipment and furniture that cannot, as the direct result of the project, practically or cost effectively be reused;
• project insurance that is a direct result of project construction, as required, excluding insurance deductibles;
• decanting if required as a result of the project;
• hazardous materials abatement costs;
• project administration costs (see section 5.2.4); and
• other such costs identified by AHS and approved by INFRA.

5.2.4 Project Administration Funding

Within the budget approved by the Ministers, AHS may budget up to three per cent (3%) of TPS expenditures for project administration. If the actual project expenditures are less than those identified in the Ministers’ TPS approval, the administration funding is based on the actual expenditures rather than the approved TPS. Project administration expenditures are also subject to the following:

• the expenditures must be for incremental costs incurred by AHS’ project management employees who are directly responsible for the delivery of the eligible project;
• eligible project administration costs can include the cost of manpower and employee benefits, and employee travel costs (within province) incurred as a direct result of managing the project, and the preparation of audited project financial statements;
• project administration expenditures are not to be used to pay for expenses that AHS incurs prior to receipt of the Ministers’ approval letter; and
• project administration expenditures are not to be used to offset costs/expenses that AHS is already incurring within its normal operations, such as existing project or planning staff, facilities, equipment, or supplies which are funded out of operations. Project administration may only cover incremental project and personnel costs that are directly attributable to the project.

5.2.5 Third-Party Funding

The Grant Funding Agreement transfers to AHS only the GoA funds (TPS) that directly support an approved project. In circumstances where the TPC includes both the TPS and additional third-party funding, such as charitable foundations, AHS will be responsible directly to that party for any arrangements relating to the party’s capital contribution to the project and the works to be delivered on their behalf.

Third-party contributions may be added to the TPC after a project has been approved by the GoA; however, such contributions may not increase the cost of the GoA approved scope. In addition, any scope beyond that approved by the GoA is allowable if the increase is funded by the third-party contribution. Additions to the scope and budget generated through a third-party contribution must be consistent with the overall objectives of the project. Should a foundation contribution create an increase in the project’s capital or operating costs (beyond
the third-party contribution), such increases will require the prior consent of HEALTH (capital and operating) and INFRA (capital).

5.3 Project Oversight

5.3.1 Reporting Requirements

- AHS must submit a report for all Minor Health Capital Projects each fiscal year, on a quarterly basis. Consistent with the Grant Funding Agreement, the reports must include the following information:
  - project title, location, facility name and AHS’ project number;
  - year project was approved;
  - status of project;
  - any other funding source applications or usage (e.g., foundation funding or operating funding);
  - updated/current budget amounts for project carried forward from previous years;
  - expenditures, variances from projected expenditures, and future cash flow requirements; and
  - specific reference to any supporting documentation that is available if requested, such as consultant reports, inspection reports, drawings or any other relevant information (e.g., the title and date of specific reports).

- The quarterly reports must be submitted to INFRA by AHS on or before the following dates:
  - July 31st (for the period of April 1 to June 30);
  - October 31st (for the period of July 1 to September 30);
  - January 31st (for the period of October 1 to December 31); and
  - April 30th (for the period of January 1 to March 31).

5.3.2 Auditing

AHS may be required, at the request of the GoA, to produce for review and audit any accounts, records and/or documents related to the work undertaken and the associated expenditures for all Minor Capital Projects.

5.3.3 Site Visits

On an ongoing basis, INFRA representatives may select and visit a number of facilities to discuss and review specific completed and in-progress Minor Capital Projects. The selection
of these projects will be at the discretion of INFRA; however, the visit must be conducted without interference to the project, operations or programs delivered in the facility.

HEALTH may also request INFRA to undertake site visits of certain projects. The main objective of these site visits will be to confirm that projects were, or are being undertaken as approved. It is expected that issues on specific projects will be communicated to INFRA prior to any site visit.

AHS must be provided at least 48 hours’ notice of a site visit by INFRA to facilitate the required access to the site and the project under review. INFRA’s access to sites and projects will be subject to approval by AHS of all entry to patient care areas, all necessary protection of patient privacy and confidentiality, and all safety considerations. In all cases, INFRA staff will be accompanied by AHS staff while in the facility on site visits.

5.3.4 Contracting Principles

AHS is required to comply with the following contracting principles when implementing Minor Capital Projects:

- all calls for proposals or tenders for capital projects shall be carried out in accordance with the rules, regulations and laws governing such activities and in accordance with current best practices;
- contracting activities must comply with interprovincial trade agreements and any other legislation applicable to Alberta; and
- procurement activities must be fair and conducted with openness, integrity, transparency and accountability to the public.