

7.0 FURNITURE, EQUIPMENT AND INFORMATION TECHNOLOGY

The planning for and acquisition of Furniture and Equipment (F&E) and Information Technology (IT) that supports the clinical needs of a healthcare facility is crucial to the success of a health capital project. Both F&E and IT (F&E/IT) planning is therefore integral to healthcare facility planning, and the management of its procurement and installation requires careful coordination with the facility construction and commissioning activities.

This chapter describes the organizational roles and responsibilities for managing the related activities across the project's life-cycle to successfully integrate F&E/IT within the health facility. The general outline for this chapter is as follows:

- Organizational Roles and Responsibilities;
- Equipment Classification;
- Capital Project Eligibility Criteria;
- Business Case Development;
- Project Organization and Communication;
- Program Delivery Equipment Plans;
- Financial Administration;
- Grant Processes;
- Program Delivery Equipment Installation Framework:
- Diagnostic Imaging (DI); and
- IT.

7.1 Organizational Roles and Responsibilities

A detailed F&E/IT RASCI matrix attached as [Appendix 13](#) describes each of the Parties' roles, responsibilities and accountabilities concerning the planning, procurement, installation, and commissioning of F&E/IT. Although this section summarizes key responsibilities, the reader should consult the RASCI for greater detail regarding the variety of activities that occur throughout the project life cycle. The key high-level organizational responsibilities and accountabilities follow.

7.1.1 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 (see [Chapter 4.0](#)). AHS, HEALTH and INFRA are represented on both committees.

The Project Steering Committee provides the guidance and issue resolution as outlined in section 4.1.3. The Committee also assists in ensuring F&E and IT requirements are appropriately managed through the lifecycle of the project.

7.1.2 Alberta Health Services

AHS is responsible for the following:

- paying all costs and expenses, for equipment delivered by AHS, related to the F&E/IT planning, procurement, delivery, coordination of installation, testing and commissioning of the approved program delivery equipment within the approved budget commensurate with the terms of the F&E/IT Grant Funding Agreement;
- selecting the technical solutions and specifications for program delivery equipment that will achieve the clinical or programmatic operating objectives;
- communicating all equipment-to-facility integration requirements to the Project Manager to facilitate the design and construction of space that supports equipment installation;
- defining the project's IT system requirements and for procuring, delivering, installing and commissioning of IT systems that is not delivered through the construction contract;
- reporting the status of the F&E/IT budget and forecast cash requirements to INFRA in accordance with the provisions of the Grant Funding Agreement;
- returning any surplus funds to the GoA following the completion of the F&E/IT financial activity. (This may occur subsequent to the building warranty period); and
- funding the costs of the ongoing repair, upgrading and replacement of an operating facility's F&E and IT from their facility operating budgets .

7.1.3 Alberta Health

At the time of approving the Business Case and the Functional Program, HEALTH will also approve of the furnishings, equipment and IT list to ensure alignment with the approved clinical program requirements. HEALTH will also approve the budget allocated for the furnishings, equipment and IT procurement (i.e. baseline budget). In addition, INFRA and HEALTH will review the annual, or ongoing, equipment plans for furnishings, equipment and information technology for alignment with the approved budget. HEALTH will approve any

changes required to the aggregate approved baseline budget. The reason for these approvals is because of the potential to negatively impact clinical program delivery and/or result in additional startup or ongoing operational costs. HEALTH also defines the eligibility criteria for the funding of program related F&E/IT from a Health Capital Project's equipment budget.

HEALTH supports INFRA and AHS with regard to changes in scope, consistent with [Section 4.1.6](#)

7.1.4 INFRA

INFRA is responsible for the following:

- ensuring that planning for F&E/IT is incorporated within the project's planning, delivery and commissioning activities;
- approving access to contingency funds within the equipment budget;
- providing budget accountability through the management oversight of the project F&E/IT budget following a project approval by TBF;
- providing management oversight for the installation and commissioning of IT equipment that is delivered through the construction contract; and
- preparing the Grant Funding Agreement and approving the transfer of funding to AHS in support of F&E/IT requirements for Health Capital Projects delivered by INFRA.

7.2 Equipment Classification

F&E that is funded through the capital project budget is classified into two general categories:

- ***Building Systems Equipment*** is defined as equipment needed to provide environmental conditions and/or services in the building. Building systems equipment includes any IT equipment that is delivered by INFRA through the construction contract. [Schedule 1](#) at the end of this chapter provides examples of building systems equipment; and
- ***Program Delivery Equipment*** is defined as the F&E and IT required to enable the occupant to deliver health services. The hardware that supports the delivery of health services is defined as program delivery equipment, including the computers, servers, and printers, but excludes the purchase of software. [Schedule 2](#) provides examples of program delivery F&E/IT.

* Note that building systems equipment does not include furniture, equipment and IT that is classified as program delivery equipment, as identified through the term 'F&E/IT'.

7.3 Capital Project Eligibility Criteria

The following section describes the eligibility of the F&E/IT for capital funding from a project budget, or F&E/IT funding within an IMP project.

The eligibility section of the 2005 Health Capital Planning Manual has been incorporated into the Health Facilities Capital Program Manual pending future amendment that will follow a policy decision that updates or changes the criteria.

7.3.1 General Program Eligibility Criteria

Approved projects may include funds for program delivery Furniture and Equipment (F&E) and IT in the following circumstances:

- when a new health facility is constructed, for the initial purchase of eligible program delivery equipment and furniture;
- equipment acquisitions may include initial sustainment supplies to cover an equipment warranty period. The project should not be responsible for supplies, other than initial start-up costs related to equipment commissioning and initiation of operations;
- when an existing health facility is redeveloped (i.e., replacement, expansion, upgrade or renovation) and the redeveloped facility includes accommodation for new or expanded programs, for the initial purchase of program delivery equipment and furniture required for new programs or needed to expand an existing program;
- when existing program delivery equipment and furniture cannot practically or cost-effectively be reused as the direct result of an approved construction project, the project budget may include funds for replacement costs;
- when existing program delivery equipment and furniture that can be practically or cost-effectively reused, the project budget may include the costs of transferring or moving the items;
- when new equipment is installed, the training costs directly supporting the initial use of the equipment (initial start-up training) is covered under the F&E budget. AHS is responsible for the arrangement or contracting of training services (typically within the equipment acquisition contract). Training costs associated with travel to vendor facilities are limited to initial "train the trainers" training and clinical engineering staff; and

- when F&E/IT is delivered to an alternate facility that in turn causes the tear down and removal, move and stand-up at the intended facility, associated costs may be eligible if these costs have the required prior-authorization of HEALTH and INFRA.

Capital projects will not be approved solely for the purchase, repair, upgrading or replacement of program delivery F&E and IT.

Building Systems Equipment purchases are included in the capital project budget and are the responsibility of INFRA.

7.3.2 Ineligible Equipment Costs

- ongoing repair, upgrading and replacement of program delivery F&E/IT;
- all equipment and furniture items that are not essential for the delivery of health programs. Examples include staff lounge appliances, patient/resident room televisions, entertainment units, musical instruments, gift shop fittings and fixtures, wall hangings, plants and other decorative accessories;
- all minor equipment and operational commissioning items such as forceps, retractors, instruments, hand tools, linens, china, cutlery, calculators, stationery and all consumable and disposable supplies;
- all equipment and furniture related to commercial activities such as retail or food service operations, vending machines or in-house coin-operated laundry processing;
- all vehicles, including automobiles, vans, trucks buses and ambulances;
- routine and preventive maintenance of the building and the building systems equipment;
- the acquisition of support contracts or ongoing upgrades to equipment or software unless such services are incidental to the procurement of the equipment and do not increase the procurement cost; and
- ongoing sustainment supplies once an equipment warranty period has expired.

AHS is responsible for funding any expenses associated with the ongoing life-cycle management of all F&E/IT that are not eligible for capital project funding.

TB&F Capital Planning Manual stipulates that F&E and IT under \$5,000 is not eligible for capital funding. HEALTH is reviewing how this is to be applied to Health Capital Projects.

7.4 Business Case Development (See Appendix Project Start-up and Planning Phase Process)

INFRA will initiate a call for AHS participation when commencing the development of a Business Case. AHS will appoint F&E and IT planning staff who will work through the AHS Strategic Planner to support the identification of equipment requirements, at a high level, for the alternatives that the Business Case will contemplate. It may be necessary for AHS to consider province wide equipment programs, such as Diagnostic Imaging (DI), to determine whether a Business Case solution is consistent with AHS service delivery plans.

The equipment requirements and their supporting costs facilitate the development of a high level equipment budget for the project that can be included in the Business Case. The Business Case may be used to support a capital funding submission for funding from within the Government's Capital Plan. If approved, the F&E/IT component of the funding request will become the initial F&E/IT budget assessment for the project, pending further review of the budget at the Functional Program stage.

The Business Case should consider the budgetary needs that may result from unique, emergent or divergent technical requirements of the intended service delivery methodology. While a variance may occur in the cost analysis that is performed in the Business Case, the intent remains to scope the clinical requirement and therein refine the corresponding costs to the extent possible.

7.5 Project Organization and Communication

Following a project approval, AHS assigns a representative from each of the Capital Management and IT departments to the Project Team. These representatives will be responsible to both AHS and INFRA for the coordination of equipment requirements in consultation with the Clinical Liaison and Project Manager, or where appropriate any other executive decision makers within AHS, to gain necessary equipment or program approvals. These representatives participate in the Project Team meetings and the Project Steering Committee at the call of the Project Director, or as agreed in the Project Charter.

Timely communication between the Project Manager and AHS is paramount to ensure the synchronization of the equipment delivery and installation schedule with the construction schedule, as well as the mitigation of risks which could lead to schedule delays and higher costs.

Capital Management and IT are each responsible for keeping the Project Manager abreast of equipment issues that may impact on the scope, budget or schedule of the project, including the design and construction of the facility, integration or installation of equipment within the facility, or the commissioning of the facility. Project Managers will co-ordinate and agree with AHS to the reporting frequency if it differs from the documented standard, to facilitate timely decision making and to manage risk.

The Project Manager is responsible for ensuring that Capital Management and IT are aware of any changes to the project that may impact on the following:

- equipment budgets;
- design decisions that may impact equipment selection or installation;
- construction schedules that may impact the delivery, installation or commissioning of equipment; and
- change proposals and scope changes that may impact the Equipment Plan or the delivery, installation or commissioning of equipment.

7.6 Program Delivery Equipment Plans

7.6.1 Equipment Plan and Budget Preparation (See Appendix – Project Start-up and Planning – Functional Programming process)

During the development of the Functional Program the Capital Management and IT representatives will each develop a draft listing of the equipment that is proposed for the project in support of the program requirements. AHS is responsible for ensuring that any necessary consultation occurs between the user groups and equipment planners. Capital Management and IT will also survey any existing F&E/IT that is eligible to be transferred to a new or replacement facility and incorporate the eligible equipment within the draft listing.

The Project Manager organizes a meeting (Equipment List and Budget Discussion) early in the functional programming phase to ensure open dialogue and common understanding between all parties.

Project Managers will need to work closely with both Capital Management and IT to plan for sufficient time to finalize the assessment of existing facilities for transfer eligibility. Where the scope of the project considers a large existing health facility, additional time may be required for AHS to assess the existing equipment.

The F&E and IT lists together comprise the draft Equipment Plan. The draft Equipment Plan will include the forecast equipment procurement cost estimates for each line item within the Equipment Plan. The Equipment Plan takes into account the requirements for each program area that will be integrated within the new Health Capital Project. The Equipment Plan must provide the following information:

- description of proposed equipment and number of items to be procured, reported by program area;
- forecast acquisition cost of each major component as well as a summation of the costs; and
- identification of eligible equipment/components to be transferred from an existing facility to a replacement facility.

AHS prepares a draft F&E/IT budget proposal based on the final draft of the Functional Program and the supporting draft Equipment Plan. The Project Manager appends the draft Equipment Plan to the final draft of the Functional Program prior to its furtherance for final review and sign-off by AHS. An F&E/IT Budget template is provided at [Appendix 14](#) – Budget and Cash Flow Project Reporting Template.

Once AHS signs-off the Functional Program and returns it to the Project Director, INFRA forwards the Functional Program with all the attachments to HEALTH. HEALTH reviews the draft Equipment Plan and draft F&E/IT budget proposal for consistency with the project scope and objectives. In approving the Functional Program and accompanying project budget, HEALTH confirms the sufficiency of funding to support the procurement of the F&E/IT consistent with the clinical need as stated in the Functional Program.

Once the Functional Program has been approved, INFRA informs AHS in writing of the F&E/IT budget allocation for the project, after which AHS may continue with detailed planning of the F&E/IT. The change management process described in [Section 4.1.6](#) must include F&E and IT requirements. See Appendix – Change Request Process.

The Equipment Plan may be amended during design development and construction through to the end of the project; however, amendments to the Equipment Plan must be consistent with the scope of the project and within the assigned budget, unless the changes are contemplated through the change process outlined in [section 4.1.6](#) of the manual.

Changes to the Equipment Plan may occur following further consultation by Capital Management and IT with the clinical liaison and various user groups during the design phase. Additions to the Equipment Plan that are contemplated after Functional Program

approval require the prior-authorization of the Project Manager to ensure consistency with the scope, technical requirements and overall budget. Where amendments may consider the use of contingency funds, the Project Manager is the approving authority for the use of the contingency funds, whether from general contingency or previously unassigned (see [section 7.7.5](#)). Project Teams are encouraged to streamline this process to ensure that it does not impede routine decisions in the best interest of the project.

Minor changes, such as the exchange of Equipment Plan line items with more up to date equipment that is consistent with the original intent, should be considered routine if within the F&E/IT budget. The process of approval is intended to be consultative and may be iterative over the design phase of the project, but may also occur during the procurement of equipment due to the occurrence of variance (see [section 7.7.7](#)).

As the design phase evolves there may be changes that impact on the equipment requirements of the project. Where such changes necessitate additions to the previously agreed Equipment Plan and increase the forecast cost to complete, the PM will address the associated financial concerns with Capital Management and/or IT.

The Project Team, including the F&E and IT representatives, may consult the Project Steering Committee should issues arise concerning user group requirements and department/program area sign off. Increases to the budget for F&E or IT, as well as any changes in the forecast procurements that create an expansion or reduction of scope must be brought to the Joint Operations Committee for consideration concerning their alignment with the approved scope and budget.

7.6.2 Risk Management Plan

While the Project Manager is responsible for the project's overall risk management plan, AHS will be responsible for developing a subsidiary risk management plan with a focus on specific F&E/IT risk categories. These specific risk categories include:

- site risk;
- integration risk; and
- design & procurement risk.

A review of site risks should include identification and discussion of the following items at a minimum:

- storage and marshaling space (or lack thereof);
- receiving procedures and constraints while site is under construction;

- access and safety procedures while site is under construction;
- waste management requirements (LEED or other); and
- physical location.

A review of integration risks should include identification and discussion of the following items at a minimum:

- equipment transfers;
- installation responsibilities;
- in contract responsibilities; and
- commissioning responsibilities.

A review of design and procurement risks should include identification and discussion of the following items at a minimum:

- early work requirements for complex equipment in areas such as digital imaging, medical device reprocessing, surgical suite and interventional. IT early work requirements include determination of uninterrupted power supply solutions and securing access to appropriate data transmission lines;
- long lead time items; and
- building system tie-ins.

Other common types of F&E/IT risks such as resource availability, schedule compression, late changes, funding constraints and vendor issues should also be included in the F&E/IT risk management plan, if warranted. At a minimum, these risks should be discussed with the Project Manager on a regular basis and escalated as required.

The F&E/IT risk management plan should include probability and impact assessments of the identified risks, and define methods to mitigate the risks to the extent possible.

To address residual risks (known risks that cannot be fully mitigated) as well as uncertain events or conditions that could adversely affect the delivery of the project, it is a requirement that a budget contingency be included as part of any F&E/IT project budget (see [section 7.7.2](#) – Budget Development).

A five percent (5%) F&E/IT Budget Contingency is considered sufficient to address the typical project risks discussed previously; however, a higher contingency percentage may be warranted when a project is being delivered in:

- remote locations;
- multi-phased, fast-tracked or design-build procurements;

- health care facility where new, emergent technology is being installed;
- a procurement period where a higher probability of inflation or currency fluctuations are anticipated; and
- a limited vendor supply market.

A contingency percentage in excess of five percent may be approved following consultation with the Project Manager.

7.6.3 Procurement Plan

AHS is responsible for the preparation of a Procurement Plan for each project that defines how the Program Delivery Equipment will be procured, and the process that will be undertaken to appoint suppliers or vendors contractually. (See Appendix – Project Procurement and Design Phase). The timeframe for procurements will need to align with the construction schedule to minimize the likelihood for storage of equipment and components.

While AHS manages the procurement of the F&E/IT according to their own administrative and financial processes, AHS is required to comply with the following contracting principles:

- all calls for proposals or tenders shall be carried out in accordance with the rules, regulations and laws governing such activities in the Province of Alberta;
- 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.

7.6.4 Delivery and Installation Plan

AHS is responsible for the preparation of a Delivery and Installation Plan that details the planned delivery and installation milestones for the Program Delivery Equipment. (See Appendix – Project Procurement and Design Phase). The Delivery and Installation Plan also addresses known/unique requirements concerning delivery and installation that could impact the design and/or construction of a project. Additionally, the Plan denotes responsibility for installation of certain equipment components either by AHS, the vendor, the manufacturer, a third-party contractor (if known), or the Contractor, as appropriate.

The Delivery and Installation Plan is a living document that is first established following approval of a Master Equipment List and updated throughout the life cycle (quarterly or as agreed to by the Parties) of the project through to the installation of all equipment. Prior to

the handover of the facility, AHS (both Capital Management and IT) is responsible for coordinating the F&E and IT Plans with both the Project Manager and the Contractor. After handover, Capital Management and IT continue to coordinate their plans with the Project Manager and Contractor. The delivery schedule will also assist the Project Manager in coordinating final room preparation with the Contractor.

The Delivery and Installation Plan as well as an updated Equipment List and budget are provided to the project manager for inclusion into the Design Development Report.

Capital Management , IT and the Project Manager are responsible for ensuring the coordination of delivery schedules with the construction and handover schedule. Delivery schedules need to coincide with facility availability to minimize storage, whether on-site or at an off-site storage facility. The Delivery and Installation Plan must also take into account the move of F&E/IT from an existing facility, or to and from storage.

AHS and the Project Manager may coordinate a staging area within the facility, prior to handover that allows for the entry of equipment into the facility as well as the preparation of the equipment for set-up. Any agreement with the Contractor to allow access to a new facility prior to handover requires the approval of the Project Manager. For existing facilities that are being renovated or expanded, AHS and the Project Manager will coordinate such requests with the site manager and the Contractor (see [section 4.1.7](#)).

AHS should arrange for equipment deliveries to arrive following the handover date to the extent possible. Project Managers must keep their Capital Management and IT planners apprised of any changes to the forecast handover date, understanding that any late notifications of change will have an impact on delivery schedules, risk and cost.

Capital Management will arrange for an approved agent of AHS to receive and sign for any F&E deliveries prior to the handover of the facility to AHS. AHS IT will also coordinate and receive any IT deliveries that arrive prior to the handover of the facility to AHS.

Delivery of F&E/IT prior to building handover, or early delivery, will be arranged with the Contractor so as to minimize impact to the construction site and through the Project Manager. AHS will be responsible for damage to F&E/IT that is delivered prior to building handover, regardless of the cause of the damage, even though the building has not been turned over to AHS (or for renovation projects, where the space has yet to be turned back to AHS by the contractor).

Capital Management and IT will arrange for vendors to install and test equipment following building handover unless otherwise approved by the Project Manager prior to handover. INFRA will ensure that any rooms that require special design and construction to meet equipment specifications are substantially complete to facilitate vendor installations according to the agreed upon delivery and installation schedules.

7.7 Financial Administration

7.7.1 Budget Oversight

A project's approved F&E/IT budget represents the amount designated within the TPS for the planning, procurement, move-in, installation, testing, start-up training (included in the purchase price) and commissioning of necessary Program Delivery Equipment consistent with the approved project scope, excluding ongoing service agreements that AHS may enter into with an equipment supplier or vendor.

The approved budget must be used for only the Program Delivery Equipment identified in the approved Equipment Plan unless otherwise approved by the Project Manager (as outlined in [section 7.6.1](#)). AHS may not reassign grant funds to another project unless approved by the Ministers of INFRA and HEALTH.

The F&E and IT budgets that are approved by INFRAS for AHS procurements represents a maximum allocation of GoA funding that AHS may not exceed. Any surplus funds that occur following the acquisition, delivery, installation and commissioning of the equipment shall be returned to the GoA by AHS. Any budget surplus that can be reasonably identified earlier in the project life cycle should be removed from the F&E or IT budget at the earliest opportunity to facilitate the assignment of such funds to other priority project activities.

The determination of surplus funds is normally determined following the assessment of variance within the F&E and IT budgets and the forecast cost to complete all F&E or IT work, in accordance with [section 7.7.7](#). An assessment will normally occur at major project milestones or such other times as mutually agreed between the project manager and Capital Management and/or IT (for example, completion of design, and completion of all user group equipment list sign offs).

To facilitate oversight and budget management, AHS will provide reports to INFRA as outlined in [section 7.8.3](#).

7.7.2 Budget Development

The budget template ([Appendix 14](#) – Budget and Cash Flow Project Reporting Template) delineates the information requirements for the F&E/IT budget. The reader should consult the template for greater detail concerning the budget information requirements.

After a project has been approved by the Minister, the budget identified within the Business Case becomes the 'baseline' budget. Any subsequent adjustments to the budget are reported on the budget template by adding column(s) to indicate the revisions.

Certain line items of the budget may require supporting information to substantiate the budget amount, including: unassigned contingency; move, storage, installation and marshaling expenses; and budget contingency. The program area requirements are delineated by program and supported by the listings and cost information within the Equipment Plan.

The budget includes provisions for Budget Contingency and an Unassigned Contingency (see [section 7.7.5](#) for details on Unassigned Contingency). The purpose of the Budget Contingency is to accommodate within the budget ceiling any unforeseen risks or expenses, equipment changes that increase procurement costs, technology upgrades, or unfavourable changes in currency exchange rates (if procurements involve the use of foreign currency). Over the project life cycle the Project Manager may authorize AHS use of funds from the Budget Contingency as part of their F&E/IT budget. The Budget Contingency and Unassigned Contingency will not be forwarded under the grant funding process unless such funds have been approved for expenditure by the Project Manager.

Contingency relating to IT budgets should be addressed on a project basis with the contingency typically held by the Project Manager.

7.7.3 Cost Information

Standardized reporting through the use of templates applies to the preparation of estimates and budget information for all projects. Requisitions and actual cost to procure (purchase order value) are based on final invoice costs.

The F&E and IT budget estimates utilize procurement costs that are forecast to occur in each fiscal year of the project schedule. The cost estimate takes into account inflation and other economic factors affecting the period covered by the estimate.

The Equipment Plan must take into account any pricing agreements or existing contracts (standing offers) versus posted or retail prices, including inflation and foreign exchange

rates. Where appropriate, the Equipment Plan must indicate the inflation and exchange rate factors that have been utilized in the forecast cost estimates.

At the Functional Program stage, when the draft Equipment Plan is developed, the forecast acquisition costs will observe standing offer prices where available or, where a reduced price can be reasonably forecast, on the most up to date pricing information. This will allow for greater accuracy in the preparation of the budget estimates. The variance management process outlined in [section 7.7.7](#) will apply to the overall management of actual versus forecast costs.

AHS typically procures through Canadian registered corporations or agents whereby both the contract and financial transactions utilize Canadian dollars. When procurements utilize foreign currencies, the Equipment Plan will identify those items that are forecast for off-shore procurement, and the F&E/IT budget will identify the proposed exchange rate model that will apply to the foreign currency. AHS will manage the exchange rate risk within the variance management outlined in [section 7.7.7](#).

7.7.4 Equipment Reuse

Where applicable, the F&E/IT budget must also take into account equipment transfer from existing facilities, including the sequencing for the transfer of equipment, and the impact to clinical services when equipment is unavailable for extended periods (contingency plans).

Off-site storage costs may only be covered within the F&E budget ceiling where such costs are reasonable and occur as a result of a slippage in the building handover date, or no storage space is available on site.

A listing of the F&E/IT to be transferred from an existing program area to a renovated or new program area (or building) is delineated within the equipment list that is developed as part of the Functional Program.

7.7.5 Unassigned Contingency

Since it may not be possible to identify all items of equipment at the point of Functional Program completion, AHS may propose within the F&E/IT budget an 'unassigned' contingency for the purpose of funding F&E requirements relating to a program that cannot be sufficiently defined at the Functional Program stage. The unassigned contingency allows for the completion of F&E program planning by AHS during the design development stage with the understanding that funding from the unassigned contingency will only be used for essential program requirements.

In proposing the unassigned contingency, AHS must provide substantiation for the amount being requested including, where appropriate, which program areas are not sufficiently planned. A confidence level for each program area may be employed to identify the relative risk that additions may be contemplated for a given area during the design phase, including the amount of the unassigned contingency that may be appropriate for each area.

It is expected that all F&E/IT requirements can be fully identified soon after the completion of detailed design; therefore, Project Managers will set a date following the completion of detailed design for a final review of the unassigned contingency (following consultation, unused funds may be identified as surplus and returned to the capital project budget). The date for this review should typically fall within three months following the completion of detailed design.

7.7.6 Capital Management Administration Allowance

The process, procedures and value of the allowance provided to Capital Management to administrate F&E project work is under review. In the interim, the structure outlined below will be followed.

Within the F&E portion of the budget AHS may allocate a proportion to the cost of Capital Management project administration (not including IT). The maximum amount that may be allocated to administration expenses is three percent (3%) of the actual amount of F&E expenditures funded within the TPS (does not include third-party funding sources).

If the actual F&E expenditures are less than those identified in the F&E budget approval, the project administration funding is based on the actual expenditures rather than the approved budget. Administration expenditures are also subject to the following:

- administration funding is specific to the project and cannot be applied to other projects or programs without the prior-approval of INFRA;
- expenditures must be for costs incurred by Capital Management employees or contracted staff who are directly responsible for the delivery of the eligible project, including the cost of manpower and employee benefits, employee travel costs (within province) incurred as a direct result of managing the project, and the preparation of documents for audit proposes ;
- administration funding is not to be used to pay for expenses that AHS incurs prior to receipt of the Ministers' project approval letter;

- administration funding is 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. Administration may only cover incremental project and personnel costs that are directly attributable to the project; and
- administration funding will be monitored through the submittal of quarterly expenditure reports or as specified in applicable grant agreements.

7.7.7 Variance Management

Budget variance will occur over the life cycle of the project, from project approval (based on Business Case) through to the completion of all F&E/IT procurements. AHS will monitor and report to the Project Manager the variance in the F&E and IT budgets according to the reporting requirements outlined in [section 7.8.3](#).

Variance in the estimated cost to complete procurements may occur when costs are greater or less than forecast. AHS will manage the variance across the various departments/program areas with the intent of remaining within the approved budget. The total variance across the departments will take into account (sum) the positive and negative variance that may occur within each department/program area of the Equipment Plan. Once this total variance meets the approved budget, not including contingency, AHS may request that the Project Manager assign to AHS the use of contingency funds to complete the procurement of the equipment listed in the Equipment Plan.

Variance may also occur when line items are added or removed from the Equipment Plan. AHS requests the prior-authorization of the Project Manager to add items to the approved Equipment Plan. For items that are removed from the Equipment Plan and replaced by another (exchange), or where no replacement occurs, AHS will inform the Project Manager in a timely manner to ensure that project construction, technical, and budget implications are promptly addressed. As exchanges may occur due to updates in technology or physician requirements, the Project Manager will make every effort to work with AHS to accommodate the changes within the overall F&E/IT budget.

Deletions from the Equipment Plan should not be taken as an opportunity to replace or add line items, unless such additions are a *bona fide* requirement and approved by the Project Manager.

Increases to the estimated cost of procurement that occur due to scope changes will follow the process outlined in [section 4.1.6](#) of this manual.

7.7.8 Third-Party Contributions

Third-party organizations such as charitable foundations may contribute funds to a project for the procurement of specific F&E or IT. In such circumstances, AHS is responsible directly to that party for any arrangements relating to the party's contribution to the project and the F&E and IT to be acquired on their behalf.

Third-party contributions may be added to the TPC after a project has been approved by the GoA, with those contributions having a potential impact on the project scope and schedule. Additions to the scope and budget generated through a third-party contribution must be consistent with the overall objectives of the project. Should a 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).

When foundation contributions create an increase in capital project costs, prior authorization by the PM is necessary before the equipment can be included within the project. The calculation of the admin allowance does not take into consideration third-party contributions.

7.7.9 Auditing

AHS may be required, at INFRA's or HEALTH's request, to produce for review and audit any accounts, records and/or documents related to the work undertaken and the associated expenditures for all Health Capital Projects.

7.8 Grant Processes

7.8.1 Grant Funding Agreement

The Grant Funding process is currently under review and will require consultation between INFRA and AHS Finance departments.

7.8.2 Grant Payment Process

The payment of grant funding to AHS relating to a specific project will be subject to confirmation that a Grant Funding Agreement has been signed by the Minister of INFRA. Approval of the Grant Funding Agreement is contingent on the following pre-conditions:

- receipt of each project's Equipment Plan and F&E/IT budget proposal from AHS;
- review and acceptance of the Equipment Plan and F&E/IT budget proposal by INFRA;
- approval of the Functional Program by HEALTH, including the accompanying Equipment Plan and F&E/IT budget proposal; and
- receipt by AHS of a letter from the Minister informing AHS of the Grant Funding Agreement and the authorization to transfer funds from INFRA to AHS.

Once the pre-conditions are met, the following process will be followed for all grant payments:

- One hundred percent (100%) of verified expenditures already incurred, will be transferred from INFRA to the AHS operating account based on the F&E/IT cash flow approved by the Minister of INFRA (or designate), with such cash flows based on each project's cash requirements reported using the template at [Appendix 14](#) – Budget and Cash Flow Project Reporting Template and outlined in Section 7.8.3;
- the issuance of any further grant funding for a particular fiscal year will be subject to the receipt of ongoing quarterly expenditure and forecast commitment reports from AHS ([Appendix 14](#) – Budget and Cash Flow Project Reporting Template);
- AHS, acting within its authority, may choose to fund any expenses that are in excess of the approved F&E or IT project budget allocations; and
- funds remaining upon the close-out of F&E and IT procurement activities are to be returned to the GoA.

7.8.3 Reporting Requirements

For each project, AHS (Capital Management and IT) must submit an Equipment Plan, Budget Report that includes a Cash Report, and the Delivery and Installation Plan to the Project Manager on a quarterly basis (or, concerning the Delivery and Installation Plan, as agreed with the Project Manager). The reports are required for each of the F&E and IT portions of the project and include the following information:

- project title and facility name;
- updated/current budget amounts;
- expenditures, variances and forecast expenditures;
- quarterly cash flow requirements for the current fiscal year (updated in January 31st for the following fiscal year);
- future yearly cash flow requirements beyond the current fiscal year;
- estimate to complete the Equipment Plan (both F&E and IT).

AHS provides cash flows on a quarterly basis that are used for forecasting.. Cash flow projections are based on the quarter in which procurement invoices are expected to be paid by AHS as well as the Capital Management administration costs outlined in [section 7.7.6](#). The Procurement Plan provides the projected procurement dates.

As a component of the quarterly Cash Report, AHS will report each project's expenditures against the funding that had been transferred to AHS. AHS may update previous cash flow projections based on actual procurements and expenditures, and project scheduling information. INFRA may adjust future quarterly cash flows according to project schedule changes (design or construction), or delays in the forecast F&E/IT delivery dates as provided by AHS. The template at [Appendix 14](#) outlines the specific information requirements of the quarterly Budget and Cash Reports. Quarterly reports must be submitted to INFRA 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).

AHS will prepare the final reconciliation of F&E and IT project costs following the completion of all procurement activity and related financial transactions (see [section 4.5](#)). This reconciliation will be provided to both INFRA and Health and will include a listing of all F&E and IT purchases by unit or device type, and a budget summary that includes expenditure reporting specific to the project expenditures and budget allowance for Capital Management administration costs. The final reconciliation should normally be completed within one year following the date of facility handover, or four months following the completion of clinical commissioning, whichever occurs last (for entire scope of project), or as otherwise agreed between the Parties.

7.9 Program Delivery Equipment Installation Framework

This section is under development.

AHS is responsible for informing the Project Manager and the Prime Consultant of any equipment specifications that will impact on room design, including utility requirements.

7.10 Diagnostic Imaging Requirements

The planning, procurement, delivery and installation of Diagnostic Imaging (DI) equipment is complex and requires special considerations. Early communications between AHS CPSM, AHS DI, the AHS Clinical Liaison, INFRA, and other stakeholders regarding roles and responsibilities, schedule, etc. for the DI portion of each individual project is critical for success.

A detailed sub-RASCI Matrix specifically for the diagnostic imaging project requirements and installations has been developed (see Appendix 15). This sub-RASCI Matrix describes each party's roles, responsibilities and accountabilities concerning the planning, procurement, installation, commissioning, and other post-turnover activities for diagnostic imaging equipment. A flow chart has also been included that roughly outlines the process for taking into account diagnostic imaging equipment considerations in all project phases, from the Needs Assessment and Business Case development through to post-occupancy (see Appendix 16).

Careful planning is crucial for success. A template for a Risk Register specifically developed to incorporate diagnostic imaging equipment considerations, delineate possible risks and provide a framework for assessing and managing the associated risks is provided (Appendix 17). This tool allows the project teams to identify each risk, list and/or describe the root cause, the impact (if the risk materializes), the source of the risk, the trigger for the risk, the risk owner, and the project phase when best to initiate discussions and collaborate on a mitigation plan. The template is a starting point and all included risks as well as any other identifiable risks must be considered when planning for diagnostic imaging equipment so that they can be managed effectively.

SCHEDULE 1

Examples of Building Systems Equipment

Capital projects may include funding for, the installation, replacement or repair of building systems and building systems equipment. Building systems equipment refers to equipment needed to provide adequate environmental conditions and/or services in the building.

The following examples of building systems equipment are provided to clarify funding eligibility. This is not intended to be an all-inclusive list of building systems equipment.

Fire Protection and Building Security

- building security systems such as CCTV cameras, card access readers, video loop recorders, motion detectors and wandering control devices;
- automated building control and monitoring systems;
- fire alarm systems including pull stations, enunciators, locator panels, protection systems for food preparation equipment and firefighting devices (not including hand-held extinguishers);
- lightning protection system; and
- radiation protection partitions and shielding for magnetic and RF interference.

Communications

- paging systems including antennas, transmitters, amplifiers and hand-held paging receivers;
- intercom systems including dedicated handsets;
- telephone systems including exchanges, switches, switchboards, computerized control and monitoring, hardware and software and handsets;
- nurse call systems including bedside devices, central stations, presence stations, enunciators, computer hardware and software;
- central dictation systems including hand/headsets, data storage, system control hardware and software, but not including word processing hardware and software;
- Electronic Data Communication systems including conduit, raceways, cabling, conductors, wall connectors, access flooring and foot grills but not including software, workstations (PCs) and peripherals (i.e., printers, scanners); and

- cable television distribution system including antennae, control cabinets, switches distribution devices, amplifiers and mounting brackets, but not including TV receivers, TV projection systems or satellite dishes.

Internal Conveyance

- elevators, pneumatic tube systems, dumbwaiters, car rails and similar materiel transport systems.

Mechanical

- basic building support systems such as heating, ventilation, refrigeration and plumbing (including toilets, sinks, tubs, shower stalls, water fountains, eyewash stations and related fixtures and fittings);
- built-in, custom metal fabrications such as exhaust hoods/cabinets, chemical fume hoods, and range hoods;
- central wet/dry mop systems;
- medical gas systems including compressors, cylinder manifolds and distribution piping, but not including medical gas flow meters at patient care sites;
- water treatment systems including chemical softeners, de-ionizers, stills, RO systems and distribution piping, but not including local-use devices for pure water production.
- Built-in therapy pools and related mechanical/electrical services, but not including mobile extremity tanks.

Architectural Specialties

- Service columns and modular service units providing medical gases, electrical power and communications.

Electrical

- electrical switchgear, distribution panels, breakers, motors, starters and motor control centers;
- specialty lighting systems, fixtures and fittings in operating room theatres, trauma rooms, minor procedure, examination and LDRP rooms;
- transformers providing special voltages to diagnostic imaging equipment, but not including transformers and other electrical devices normally supplied as part of an imaging system;
- central clock systems; and

- essential exterior electrical systems and devices including lighting, security and parking control.

SCHEDULE 2

Examples of Program Delivery Equipment

Program delivery equipment is equipment that is installed in a health facility to allow the occupant to deliver health programs. The following examples of program delivery equipment and furniture are provided to clarify funding eligibility. This is not intended to be an all-inclusive list.

Diagnostic Imaging	Radiography suites/units	Processors
	Imaging units, mobile	Multi-loaders
	Camera systems	Racks/holders, apron
	Sensitometers	Illuminators/viewers
	Immobilizers	File systems
	ID systems	Screens
	Densitometers	Carts, file/film
	Injection chairs/tables	Seating, task
	Dispensers, film	Shelving, mobile/high density systems
Central Sterile Supply	Sterilizers	Sealers
	Washers/disinfectors	Work tables
	Decontaminators	Shelving units/carts
Patient Rooms	Beds/cribs/bassinets	Wheelchairs
	Bedside tables/dressers	Walkers
	Overbed tables	Patient lifts
	Seating	Commodes
	Desks	Wardrobes
	Monitors, bedside	Regulators
	Shower curtains	Drapes and track
	Privacy curtains and track	Window furnishings
Food Services	Stoves/ovens/ranges	Food/tray carts
	Fryers	Peelers/slicers

	Steam kettles/cookers/ tables	Conveyors
	Toasters, mixers	Microwaves
	Refrigeration units, reach- in	Pot wash counters/sinks
	Lowerators	Beverage dispensers
	Dishwasher systems	Racks, pot
	Disposal units	Tables, preparation/ cook/work
Emergency	Physiologic monitoring system	Vacuums, cast cutter
	Defibrillator/Monitors	Eye equipment
	Simulators, ECG	Lights, examination
	Monitors, ECG	Warmers
	Cast cutters	Pressure infusers
	Ophthalmoscopes	Oximeters
	Stethoscopes, ultrasonic	Instrument stands
	Infusion pumps/stands	Cabinets, instrument
	Seating, task/reception	Mayo stands
	Stretchers, trauma/ exam/bed/ transport	Carts, resuscitation/crash/plaster/ traction/supply
		Examination tables
Administration	Computers, PC/servers	Desks/workstations
	Printers	Shelving units/bookcases
	Photocopiers	Audio visual equipment
	Fax machines	Furniture panel systems
	Shredders	File cabinets
	Postage metres	Pagers
	Tables, conference/end round	Credenzas
		Seating, desk/waiting/steno/ conference

APPENDICES

Appendix 1.1	Glossary (some definitions to be reviewed)
Appendix 1.2	Acronyms
Appendix 2.1	Memorandum of Understanding (MOU) - To be approved
Appendix 2.2	Joint Steering Committee Terms of Reference
Appendix 2.3	Joint Operations Committee Terms of Reference - To be approved
Appendix 2.4	Standards and Guidelines Sub-Committee Terms of Reference
Appendix 2.5	IMP Review Sub-Committee Terms of Reference
Appendix 2.6	Capital Planning Sub-Committee Terms of Reference
Appendix 2.7	F&E/IT Sub-Committee Terms of Reference
Appendix 3	RASCI Matrix
Appendix 4.1	Project Charter Template
Appendix 4.2	Project Steering Committee Terms of Reference
Appendix 4.3	Project Team Terms of Reference
Appendix 5.1	Needs Assessment Template
Appendix 5.2	Needs Assessment Flow Chart
Appendix 6.1	Business Case Template
Appendix 6.2	Business Case Flow Chart
Appendix 7	Functional Program Framework
Appendix 8	Charitable Foundations/Auxiliary Funding Template
Appendix 9	Procurement Planning Flowchart - To be updated based on PIMS charts
Appendix 10	Project Design Flowchart
Appendix 11	Project Reporting Matrix - To be updated
Appendix 12.1	Contract Acceptance Procedures Flowchart
Appendix 12.2	Letter of Year End Warranty (with Deficiencies) Template
Appendix 12.3	Letter of Interim Acceptance Template
Appendix 12.4	Letter of Final Acceptance Template
Appendix 12.5	Letter of Total Completion Template
Appendix 12.6	Handover Template
Appendix 13	RASCI Chart – F&E
Appendix 14	Budget and Cash Flow Project Reporting Template