



Effective Date: June 12, 2018

CAPITAL ASSET MANAGEMENT

Definitions

- The following definitions apply to this Policy:
 - Capital Assets** - all tangible capital assets and other physical assets that are non-financial or non-tangible (includes capital projects and attractive material assets);
 - Capital Project** - the construction, rehabilitation or replacement of Cowichan Tribes' capital assets and any other major capital projects funded by local revenues in which Cowichan Tribes or its related bodies are investors;
 - Attractive Material Assets** - are physical assets that are not subject to capitalization but are at risk of loss, such as those that can be easily removed (i.e., art pieces, rare items, small equipment, hand held devices, assets with cultural/heritage value, etc.);
 - Capital Project Plan** - a detailed plan on the development of a capital project, including the related business plan and financing proposal;
 - Life-Cycle Management Program** - the program of inspection, review and planning for the management of Cowichan Tribes' capital assets over their life;
 - Rehabilitation** - includes alteration, extension, and renovation of Cowichan Tribes' capital assets but does not include routine maintenance;
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

Policy Directive:

Cowichan Tribes shall prudently manage its capital assets using a life-cycle approach that effectively plans, manages, accounts for and disposes of the assets as per Cowichan Tribes' capital asset strategy, and ensures they are accurately reflected in its financial statements.

Related Cowichan Teaching

"Do the best you can do, be the best you can be"

Applicable Legislation and Standards

- Cowichan Tribes' capital asset management practices must comply with applicable legislation, standards, and Cowichan Tribes' laws, policies and procedures, including:
 - The *First Nations Fiscal Management Act*;
 - First Nations Financial Management Board (FNFMB) Standards;
 - Cowichan Tribes First Nation Financial Administration Law (the FAL); and
 - Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board.



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Reason for Policy

4. The objectives of this Policy include:
 - i) Providing guidance and a framework for the establishment of an effective capital asset management program for Cowichan Tribes including the related planning, management, and accounting treatments for capital assets over their life cycle;
 - ii) Ensuring Cowichan Tribes' acquires, constructs, manages, maintains, and disposes capital assets in a sound and prudent manner;
 - iii) Ensuring Cowichan Tribes' capital assets are safeguarded and insured, and all related risks are appropriately mitigated or managed;
 - iv) Ensuring Cowichan Tribes' members are appropriately informed about or involved in the consideration of capital projects, and any borrowing for new capital projects;
 - v) Providing for accurate and timely capital asset information and reporting by Cowichan Tribes; and
 - vi) Ensuring Cowichan Tribes' practices relating to capital asset management comply with all applicable requirements.

Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
 - i) Lack of directions and clarity respecting the acquisition, construction, management, maintenance, and disposal of capital assets by Cowichan Tribes;
 - ii) Ineffective capital asset management program and practices at Cowichan Tribes;
 - iii) Loss or theft of, or damage to, Cowichan Tribes' capital assets;
 - iv) Inappropriate level of insurance for Cowichan Tribes' capital assets;
 - v) Cowichan Tribes' members not being properly informed about or involved in the consideration of capital projects and any borrowing for new capital projects; and
 - vi) Contravention of applicable legislation, standards, or Cowichan Tribes' laws, policies and procedures.

Policy Application

6. This Policy applies to or affects Cowichan Tribes':
 - i) Chief and Council;
 - ii) Finance and Audit Committee;
 - iii) Capital Asset Management Committee (if established by Council);
 - iv) General Manager, Comptroller, and other officers and department managers; and
 - v) Any other employee, contractor, committee, or person(s) authorized to be involved in capital asset management on behalf of Cowichan Tribes.

Policy Requirements



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Capital Asset Acquisition and Required Approval

7. Subject to applicable Cowichan Tribes' policies and procedures, commitments to third parties for the acquisition or leasing of capital assets must not be made by or on behalf of Cowichan Tribes without the appropriate prior written approval, in accordance with Cowichan Tribes' annual budget, capital plan, and any related Council resolution.
8. The acquisition of capital assets is subject to Cowichan Tribes' Procurement Policy and Procedures, and Delegated and Assigned Responsibilities Policy and Procedures and the related Authorization and Delegation Table.

Capital Asset Management Committee

9. Council at its discretion may establish a committee of Council, called the Capital Asset Management Committee, to assist Council with the governance and management of Cowichan Tribes' capital assets.
10. If a Capital Asset Management Committee is not established, the Finance and Audit Committee shall assume its responsibilities until such a committee is established.

Asset Security and Risk Assessment

11. Cowichan Tribes' capital assets shall be kept secure from loss, theft or damage.
12. Capital assets must be safeguarded through methods that are cost-effective relative to the value of the assets to Cowichan Tribes.
13. Assets must not be removed from Cowichan Tribes' property or from assigned custody or operating areas without the proper authorization.
14. Cowichan Tribes shall conduct annual risk assessments of its capital assets and develop plans for mitigating or managing any related risks.
15. Adequate insurance shall be procured and maintained to address all the risks identified or associated with Cowichan Tribes' capital assets and capital projects.

Life-Cycle Management Program

16. Council shall implement a documented life-cycle planning and management program for Cowichan Tribes' capital assets.
17. A capital asset register that contains comprehensive and descriptive information on all Cowichan Tribes' capital assets shall be established and maintained.
18. Cowichan Tribes shall inspect and review the state of each of its capital assets on an annual basis and, in a timely manner, record any changes to the assets in the capital asset register.
19. Schedules, forecasts and budgets shall be prepared for the maintenance, rehabilitation and replacement of Cowichan Tribes' capital assets on an annual basis.



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Capital Asset Reserve Fund

20. Council must establish, invest in, and manage a Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of Cowichan Tribes' capital assets.

Capital Project Management and Plans

21. Cowichan Tribes must ensure that approved capital projects are managed in an effective and prudent manner, as per generally accepted standards for capital projects.
22. Formal capital project planning processes and documented capital plans must be established by Cowichan Tribes.
23. Cowichan Tribes' annual capital plan shall be integrated with its strategic plan, as per Cowichan Tribes' Financial Planning and Budgeting Policy and Procedures.

Disposal or Loss of Assets

24. Disposal of Cowichan Tribes' capital assets must be conducted in accordance with Cowichan Tribes' Asset Disposal Policy and Procedures.
25. Capital assets must not be disposed without the appropriate prior written authorization.
26. Any Cowichan Tribes' capital asset that is deemed to be missing or lost must be reported, managed, and accounted for in accordance with Cowichan Tribes' Loss Management Policy and Procedures.

Informing or Involving Members of Cowichan Tribes

27. Council must ensure that members of Cowichan Tribes are informed about or involved in the consideration of capital projects and borrowing for new capital projects.

Integrated Asset Management Information System and Records Management

28. Council shall ensure there is an effective asset management information system in place to facilitate sound capital asset management, account for and report on capital assets and capital projects, and enable Cowichan Tribes to comply with all pertinent requirements.
29. The appropriate records shall be made and retained regarding the acquisition, construction, maintenance, and disposal of Cowichan Tribes' capital assets as per pertinent records management requirements.

Procedures: [Capital Asset Management](#)



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Roles and Responsibilities

30. The responsibilities of Council include:
 - i) Taking reasonable steps to ensure that Cowichan Tribes':
 - a) Capital assets are safeguarded, and maintained in a good and safe condition and to the same standard as a prudent owner of such assets,
 - b) Capital assets are rehabilitated or replaced in accordance with a life-cycle management program, and
 - c) Capital projects for the construction of buildings or other improvements are financed, planned and constructed as per the procedures and standards generally applicable to the financing, planning and construction of public buildings and other improvements of organized communities in British Columbia;
 - ii) Establishing a capital asset reserve fund and approving related transactions;
 - iii) Approving capital asset and capital project plans, and the related budgets; and
 - iv) Informing Cowichan Tribes' members about or involving them in the consideration of capital projects and borrowing for new capital projects.
31. The responsibilities of the Finance and Audit Committee include:
 - i) Reviewing the information, schedules, and budgets prepared as per this Policy and Procedures, and plans for new construction of Cowichan Tribes' capital assets;
 - ii) Reviewing and recommending to Council the annual budget for capital asset plans, capital project plans, and the capital asset reserve fund;
 - iii) Reviewing any scheduled capital project plans including their budget and making related recommendations to Council; and
 - iv) Ensuring Cowichan Tribes' members are informed about or involved in the consideration of capital projects and borrowing for new capital projects.
32. The responsibilities of the General Manager include:
 - i) Ensuring the establishment of a life-cycle management program for Cowichan Tribes, in accordance with the FAL;
 - ii) Establishing and maintaining the capital asset register, arranging for an annual inspection of capital assets, and updating the related information in the register;
 - iii) Safeguarding Cowichan Tribes' capital assets, identifying and assessing any significant risks to these assets, and taking the necessary steps to protect them;
 - iv) Developing capital asset and project plans, and capital asset recognition criteria;
 - v) Reporting and making recommendations to the Capital Asset Management Committee, Finance and Audit Committee and Council regarding the management of Cowichan Tribes' capital assets and projects; and
 - vi) Ensuring Cowichan Tribes' members are informed about and/or involved in the consideration of capital projects and borrowing for new capital projects.
33. The responsibilities of the Comptroller include:



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- i) Developing and recommending procedures for the safeguarding of Cowichan Tribes' capital assets, and monitoring practices to ensure approved procedures are followed;
 - ii) Recording and reporting Cowichan Tribes' capital assets and capital projects in the financial statements as per PSAS in an accurate and timely manner;
 - iii) Preparing the schedules, forecasts and budgets relating to the maintenance, rehabilitation and replacement of Cowichan Tribes' capital assets;
 - iv) Monitoring the insurance on capital assets and making recommendations to the General Manager at each annual renewal, or sooner if necessary;
 - v) Developing the annual budget for capital asset plans and capital project plans; and
 - vi) Reporting to the Capital Asset Management Committee and the Finance and Audit Committee on the status of the capital asset reserve fund.
34. The responsibilities of department managers include:
- i) Maintaining capital asset information and ensuring capital assets under their care are safeguarded, tracked, inventoried and listed in the capital asset register; and
 - ii) The timely reporting of changes in capital assets under their care to the General Manager and ensuring the capital asset register is appropriately updated.

Safeguarding of Capital Assets

35. The General Manager must implement safeguarding techniques for Cowichan Tribes' capital assets that are commensurate with the asset value, attractiveness and related risks.
36. The General Manager shall ensure that there is an appropriate labeling or identification system in place for all Cowichan Tribes' capital assets to establish asset ownership, curtail theft, and for recording these assets in the capital asset register.
37. Cowichan Tribes' Council, officers, employees, contractors and representatives are each responsible for the security and safekeeping of all Cowichan Tribes' capital assets assigned to them or their area of responsibility.
38. The records of Cowichan Tribes, such as the capital asset register, shall be properly and promptly updated each time Cowichan Tribes acquires a new capital asset, or when it disposes, transfers, moves or initiates a custodial change to a capital asset.
39. The General Manager shall annually review the physical security arrangements over Cowichan Tribes' capital assets and report the results of this review to the Capital Asset Management Committee along with any recommendations.

Risk Assessment and Management

40. Annually, and more often if necessary, the General Manager must, in accordance with Cowichan Tribes' Risk Management Policy and Procedures:
 - i) Identify and assess any significant risks to Cowichan Tribes' capital assets; and



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- ii) Report to the Finance and Audit Committee on proposed plans to mitigate the risks identified in subsection (i) above, or where appropriate, to manage or transfer those risks by agreement with others or by purchasing insurance.
41. Council must ensure that insurance coverage that is appropriate and commensurate with the risks identified, and any other risks associated with any capital assets, property or resources under the care or control of Cowichan Tribes, is procured and maintained in force as per Cowichan Tribes' Insurance Policy and Procedures.

Capital Asset Management Committee (CAMC)

42. The Capital Asset Management Committee shall be responsible for:
- i) Reviewing the status and management of resource assets (i.e. timber, gravel, etc);
 - ii) Reviewing and recommending to Council capital asset and capital project plans;
 - iii) Reviewing capital asset reserve fund transactions;
 - iv) Reviewing the capital assets register, the annual inspection report of capital assets, and the asset protection insurance program;
 - v) Reviewing the life-cycle management program annually;
 - vi) Reviewing any related policies and providing recommendations to Council; and
 - vii) Making recommendations to Council as necessary to ensure the sound management and protection of Cowichan Tribes' capital assets.
43. The CAMC may make a report or recommendations to Council on any matter respecting the management and administration of Cowichan Tribes' capital assets.

Life-Cycle Management Program

Register of Capital Assets

44. The General Manager must establish, maintain and keep current a register of all Cowichan Tribes' capital assets.
45. The asset register shall facilitate the life-cycle management program with respect to maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of Cowichan Tribes' capital assets.
46. This register shall identify and provide information on each of Cowichan Tribes' capital assets, including each asset's:
- i) Description, purpose and cost;
 - ii) Date of acquisition;
 - iii) Ownership and restrictions over ownership (i.e., pledges or collateral agreements);
 - iv) Serial number and the inventory identification number, if applicable;
 - v) Location and the department it was assigned to;
 - vi) Last inspection date;
 - vii) Expected life at the time of acquisition;



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- viii) Most recent assessment of its condition and its remaining useful life;
 - ix) Estimated residual value/net realizable value (at the end of the asset's useful life);
 - x) Insurance coverage/value;
 - xi) Any deferred maintenance;
 - xii) Date of sale/disposal, as applicable; and
 - xiii) Any other information as required by the CAMC or Council.
47. Department managers shall regularly report any changes with respect to the capital assets assigned to their department to the Finance Department (e.g. acquisitions or additions, disposals, impairment, changes to estimated useful life, etc.).
48. The Finance Department shall report any changes to capital assets, as well as any capital assets that are deemed to be damaged, obsolete or missing, to the General Manager. The capital asset register shall be updated accordingly.
49. The Comptroller shall use the capital asset register to conduct random audits of Cowichan Tribes' capital assets to verify their existence, location and condition.

Annual Inspection and Review of Capital Assets

50. The General Manager must arrange for the inspection and review of the state of each of Cowichan Tribes' capital assets by no later than November 30th of each year to establish or update information respecting the following matters for each asset:
- i) Its present use, condition and state of repair;
 - ii) Suitability for its present use;
 - iii) Estimated remaining life, and estimated replacement cost;
 - iv) Estimated dates and costs of required future rehabilitation;
 - v) Comparison of annual operating and maintenance costs, other than rehabilitation costs, for the last five (5) fiscal years;
 - vi) Maintenance records for all periods up to the inspection date; and
 - vii) Property and liability insurance covering its use or operation.
51. Any changes necessary to the capital asset register shall be documented and communicated to the General Manager by the employees assigned to conduct the annual inspection and review of Cowichan Tribes' capital assets.
52. The General Manager shall review and, if appropriate, approve the changes necessary to the asset register based on the outcome of the annual inspection of capital assets, and the asset register shall be updated accordingly in a timely manner.
53. The General Manager shall report on the outcome of the annual inspection and review of capital assets to the Capital Asset Management Committee in a timely manner, and identify any significant developments or findings.



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54. If during the inspection or any other time, a capital asset is determined to be missing, stolen, damaged or obsolete, the General Manager shall investigate and initiate the necessary write-off, repairs, or insurance claim, as applicable.

Rehabilitation and Replacement

55. The Comptroller must prepare the following schedules, forecasts and budgets by no later than December 31st of each year:
- i) Five (5), ten (10) and thirty (30) year forecasts of the estimated cost for rehabilitation or replacement of Cowichan Tribes' capital assets;
 - ii) The proposed budget for rehabilitation of Cowichan Tribes' capital assets for the next fiscal year, setting out:
 - a) Each proposed rehabilitation project and its schedule,
 - b) The estimated cost and contingencies of each proposed rehabilitation project, and
 - c) The estimated amounts and timing of money that is required to carry out each proposed rehabilitation project; and
 - iii) The proposed budget for replacement of Cowichan Tribes' capital assets for the next fiscal year setting out:
 - a) Each proposed replacement project and its schedule,
 - b) The description of each capital asset to be replaced,
 - c) The estimated cost, and contingencies, of each proposed replacement project, and
 - d) The reasons why each proposed acquisition should be regarded as a replacement for the capital asset to be replaced.

Review by the Finance and Audit Committee

56. The Finance and Audit Committee must, by January 15th of each year, review the information, schedules, annual capital plan and budgets prepared as per this Policy and Procedures and make recommendations to Council for their review and consideration of the annual budget for the upcoming fiscal year.

Capital Project Management

57. For each capital project undertaken, Cowichan Tribes must provide for the appropriate:
- i) Project planning, design, engineering, safety and environmental requirements;
 - ii) Project costing, budgeting, financing and approval;
 - iii) Project and contractor bidding requirements;
 - iv) Tender, contract form and contract acceptance;
 - v) Course of construction insurance;
 - vi) Project performance guarantees and bonding;
 - vii) Project control, including contract management; and
 - viii) Holdbacks, work approvals, payment and audit procedures.



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58. The General Manager and the capital project manager, if one is assigned, may retain the services of a professional engineer or other consultant(s) to assist the General Manager, assigned capital project manager, Capital Asset Management Committee and/or Council to carry out their obligations under the FAL and this Policy and Procedures.
59. Depending upon the size and complexity of the capital project, an independent project manager may be retained to manage the project or certain components of the project.
60. The Comptroller shall coordinate project costing, budgeting, financing and the related financing approval for each capital project, in accordance with applicable Cowichan Tribes' policies and procedures.
61. The General Manager shall:
 - i) Ensure that the appropriate course of construction insurance is procured for each capital project as per Cowichan Tribes' Insurance Policy and Procedures; and
 - ii) Require capital project related contractors to have project performance guarantees or bonding for each capital project, as required.
62. The Comptroller shall, with respect to approved capital projects, process contractor progress payments, manage construction holdbacks and payments, and organize audit procedures in conjunction with the annual audit, as per applicable Cowichan Tribes' policies and procedures.

Capital Project Plans

63. In accordance with Cowichan Tribes' Financial Planning and Budgeting Policy and Procedures, Council shall implement a formal capital project planning process and establish, document and retain a capital project plan for:
 - i) All proposed capital projects where the estimated cumulative cost of a capital project is more than \$100,000; and
 - ii) All capital projects funded in whole or part by an external funding source where the funding source requires the development and/or approval of a capital plan.
64. The General Manager, along with the assigned project manager and Comptroller, shall develop a capital project plan and budget for all new or proposed capital projects, and submit it to the Capital Asset Management Committee.
65. The CAMC shall review the capital project plans and budgets for all new or proposed capital projects submitted by the General Manager and forward the plans and their recommendations to the Finance and Audit Committee and Council, in a timely manner.
66. The Finance and Audit Committee shall, in a timely manner, review the capital project plans and related recommendations from the CAMC and forward their recommendations to Council for their review and, if appropriate, approval.



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67. Each capital project plan shall contain all the information that is necessary to assist Council reach an informed decision on the proposed capital project, including a business plan which contains at a minimum information with respect to the:
- i) Financial viability of the capital project (i.e., how it will be financed, what the expected return on investment will be, etc.);
 - ii) Capital project's operating requirements (i.e., operating and maintenance costs, etc.);
 - iii) Evaluation of other options; and
 - iv) A risk assessment of the capital project.

Capital Project Reporting

68. The General Manager must report on the following subjects at each Capital Asset Management Committee meeting:
- i) Year to date borrowings, loans and payments regarding each capital project;
 - ii) The status of a capital project including:
 - a) A comparison of expenditures to date with the project budget,
 - b) A detailed description of any identified legal, financial, technical, scheduling or other problems, and
 - c) The manner in which a problem identified in subsection (b) above has been or will be addressed; and
 - iii) Steps taken to ensure compliance with applicable sections of the FAL, including those under the heading of "*Capital Projects - Contracts and Tenders*", for every capital project.

Informing or Involving Members

69. Cowichan Tribes shall ensure that its members are informed about the consideration of capital projects and any borrowing for new capital projects through one or more of the following methods, as warranted and practical:
- i) Cowichan Tribes' monthly newsletter;
 - ii) Cowichan Tribes' website;
 - iii) Social media (i.e., Facebook);
 - iv) Cowichan Tribes' annual report;
 - v) Mailed information;
 - vi) Information sessions;
 - vii) Community meetings;
 - viii) Surveys; and/or
 - ix) Formal Consultations.



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Records Management

70. Cowichan Tribes shall make proper records respecting the management of its capital assets, and ensure that all related records and documents are maintained in a safe and confidential manner in accordance with Cowichan Tribes' Financial Records Management Policy and Procedures, including records and documents respecting:
- i) Acquisition of capital assets by Cowichan Tribes;
 - ii) Capital asset register, including any changes to the information held in the register;
 - iii) Capital project plans and reports on capital assets and capital projects;
 - iv) Schedules, forecasts and budgets for the maintenance, rehabilitation and replacement of Cowichan Tribes' capital assets;
 - v) Insurance coverage for capital assets and capital projects;
 - vi) Establishment, management and reporting of the Capital Asset Reserve Fund;
 - vii) Risk assessments of capital assets;
 - viii) Borrowing for capital projects;
 - ix) Informing and/or involving of members regarding capital projects;
 - x) Missing, lost, or disposed of assets;
 - xi) Life-cycle management program; and
 - xii) Council approvals respecting Cowichan Tribes' capital assets and capital projects.

Related Cowichan Tribes' Policies

- Asset Disposal Policy and Procedures;
- Delegated and Assigned Responsibilities Policy and Procedures;
- Financial Planning and Budgeting Policy and Procedures;
- Financial Records Management Policy and Procedures;
- Insurance Policy and Procedures;
- Loss Management Policy and Procedures;
- Procurement Policy and Procedures;
- Risk Management Policy and Procedures;