



## **Title: NPMS Procedure on Project Approval and Expenditure Authority for Real Property Projects**

### **1. Effective Date: April 24, 2014**

### **2. Cancellations**

This procedure supersedes the *Lease Project Approval Policy* (1994) and *Policy on Lease Project Approval for Lease Extensions* (2000), and the best practices IMA 3.2 *Project Approval* (1995) and 3.10 *Inclusion of GST Costs in All Project Approvals Both Leasing and Capital* (1994).

### **3. Authority**

This procedure is issued under the authority of the Assistant Deputy Minister (ADM), Real Property Branch (RPB), Public Works and Government Services Canada (PWGSC).

### **4. Context**

This procedure provides national direction for Project Approval (PA) and Expenditure Authority (EA) of real property projects. It is pursuant to, and should be implemented in conjunction with:

- the Treasury Board (TB) *Policy on the Management of Projects*, which requires that planned and proposed projects be accurately assessed to determine level of risk and complexity for the purposes of PA and EA;
- PWGSC's *National Project Management System (NPMS) Policy* (Departmental Policy 106), which links control points for approval of projects to the Department's standardized project management process;
- PWGSC's *Delegation of Authorities Instrument*, which identifies the positions holding delegated authorities for PA and EA, and the respective considerations and limits on those delegations;
- RPB's *National Investment Strategy*, which requires investment decisions to take into account departmental, portfolio, and government-wide perspectives throughout the investment planning process; and
- RPB's *Investment Analysis Policy*, which promotes efficient resource allocation through sound investment analysis and decision-making.

### **5. Scope**

This procedure applies to all proposed PWGSC real property projects.

This procedure does not provide direction on:

- real property transaction approval; and
- approval to enter into or amend contracts.

## 6. Purpose

This procedure describes the process for obtaining PA and EA for proposed real property projects.

## 7. Summary Details

### 7.1. Project Approval and Expenditure Authority

Project Approval establishes parameters within which a project may proceed without seeking further project approval. These parameters include: the total estimated project costs, scope, outputs, schedule, and performance. Expenditure Authority is required to expend resources and must be secured prior to starting any defined and approved phase of a project.

The terms PA and EA replace the previously used Preliminary Project Approval (PPA), Effective Project Approval (EPA), and Lease Project Approval (LPA). There is no equivalence between the current and previous terms or submission processes.

#### 7.1.1. Phased Implementation

Submissions to TB for real property projects shall use the terms PA and EA and the associated submission process. For submissions within PWGSC's delegation of authority for real property projects, PA and EA terminology shall be required when the NPMS is updated to include the new terms.

### 7.2. Requirements and Process for Submission


The timing for submitting PA and EA for approval is linked to the [National Project Management System](#) and shall follow the process described in RPB's *NPMS Directive for Real Property Projects* and *Directive on Real Property Branch Treasury Board Submissions*.

As per the NPMS framework, PA and EA are to be sought at the end of the Project Identification Stage, before moving forward with the Project Delivery Stage. An unlimited number of subsequent EAs may be sought to separate a project into phases and facilitate their implementation.

All supporting materials that are required for submissions shall conform to the templates and guidelines associated with TB *Guidance for the Preparation of Treasury Board Submissions* and the departmental *NPMS Policy*, for TB and departmental submissions respectively. An Investment Analysis Report (IAR) is required for all projects costing more than \$25,000.<sup>1</sup> RPB's *Guide for the Preparation of Investment Analysis Reports* provides guidance on the financial and non-financial considerations required for PA

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<sup>1</sup> Note: Exceptions must be supported by a written justification from the delegated Project Approval authority.



and EA. All submissions shall be based on a documented analysis of reasonable investment alternatives to satisfy the demand and shall be based on the principle of best value to the Crown.

Real property projects generally require two submissions: the first submission seeks PA as well as EA to proceed with the planning and design phases; the second submission typically seeks EA to proceed with the implementation phase.

To obtain PA for the first submission, an indicative cost estimate or a substantive cost estimate for the entire project is required. To obtain EA, a substantive cost estimate is required for the defined phase of the project.

To receive EA for subsequent submissions, a substantive cost estimate is required for the next or remaining phase(s) of the project. If there are no significant<sup>2</sup> changes to the cost, schedule, or performance parameters established by the previous PA decision, the submission shall include a note that the project remains within the project parameters. If there are significant changes to any of these parameters, an amended PA must be sought.

### **7.3. Amending a PA or EA**

If a project has received approval, any significant<sup>2</sup> changes to the cost, schedule, performance parameters, and/or objectives established by the previous PA and/or EA decision, require an amended PA and/or EA decision.

### **7.4. Inclusion of GST/HST Costs**

Projects within departmental authorities and Treasury Board submissions are required to have costs relating to the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) included in the total project cost for the purposes of approval authority. Further direction is provided in the TB *Directive on the Application of the GST/HST* and the TB *Guideline on the Application of GST/HST*.

### **7.5. PWGSC Integrated Investment Plan**

All projects with a total value greater than \$1M (including taxes) must be added to the PWGSC Integrated Investment Plan (IIP) prior to PA. Note that a Project Complexity and Risk Assessment (PCRA) must be done before a project is added to the IIP list.

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<sup>2</sup> Note: Any increase in cost should be considered as potentially significant. Direction as to whether or not a change is considered significant should be provided by:

- TBS for projects requiring Treasury Board approval; in such cases, National Portfolio Management (NPM) is the designated contact;
- NPM for Project Complexity and Risk Assessment (PCRA) Level 3 projects and PCRA Level 1 and 2 projects above \$20M; and
- Regional Managers/Owner-Investor for PCRA Level 1 and 2 projects below \$20M.

## 7.6. Delegation of Authority

The appropriate level of Project Approval shall be sought either within the Department or from Treasury Board (referred to as PWGSC-PA and TB-PA, respectively). PWGSC's TB-approved capacity class is listed under Schedule 2 of the Department's *Delegation of Authority*. The Assistant Deputy Minister, RPB, recommends projects to the Minister where TB approval is required.

## 8. Responsibilities

The **Director General, Accommodation, Portfolio Management and Real Estate Services (APMRES)**, is responsible for:

- recommending the appropriate authority levels for delegations of Project Approval in the development of the departmental *Delegation of Authorities Instrument*; and
- ensuring national compliance with this procedure.

The **Regional Directors General, the Director General, NCA Portfolio Management, the Director General, NCA Operations, the Director General, Engineering Assets, and the Director General, Major Crown Projects**, are responsible for:

- liaising, reporting and coordinating TB submissions with National Portfolio Management (NPM) Directorate, APMRES, as required;
- ensuring appropriate Project Approvals are obtained for real property projects in accordance with the departmental *Delegation of Authorities Instrument*, Schedule 2;
- ensuring the appropriate Expenditure Approvals are obtained in accordance with the departmental *Delegation of Authorities Instrument*, Schedule 1; and
- ensuring operational compliance with this procedure in their respective regions/sectors.

The **Director, National Portfolio Management (NPM), APMRES, Headquarters**, is responsible for:

- coordinating and providing oversight review and quality assurance of departmental submissions for real property projects approved by Level 1 Delegated Authorities as per the departmental *Delegated Authorities Instrument*;
- providing national advice and guidance on the implementation and interpretation of this procedure; and
- proposing updates to this procedure as required.

The **Senior Director, National Accommodation Management and Workplace Solutions (NAMWPS), APMRES, Headquarters**, is responsible for providing national advice and guidance on the implementation and interpretation of this procedure relative to the accommodation management functions of RPB.

The **Director, Advisory and Practices (Project Delivery), Professional and Technical Service Management (PTSM), Headquarters**, is responsible for proposing updates to this procedure, as required, to ensure ongoing conformance with the *NPMS Policy* and related directives.

The **Director, Real Estate Services (RES), APMRES, Headquarters**, is responsible for providing national advice and guidance on the implementation and interpretation of this procedure relative to the leasing, acquisition, and disposal functions of RPB.

## 9. Definitions

**Expenditure Authority (EA):** The approval given by an individual holding the delegated authority in order to exercise Section 32 of the *Financial Administration Act* and commit funds to a project.

**Indicative Cost Estimate:** As a cost objective, an order-of-magnitude estimate cannot warrant approval. Rather, it provides a rough cost projection (an *indicative cost estimate*) used for budget planning purposes in the early concept development stage of a project. The estimate will improve as the organization:

- invests in further concept development,
- identifies levels of risk, and the corresponding costs to reduce them, and
- identifies and refines the activities within the project definition and implementation phases.

**Performance Parameters:** For the purpose of this procedure, performance parameters are the actual approved quantity, quality aspects, technical and operational characteristics of an end item (e.g. equipment, facility).

**Project Approval (PA):** The approval of a project by either:

- an individual holding the delegated authority under the PWGSC *Delegation of Authorities* when within PWGSC authority levels; or
- Treasury Board when the authority level exceeds PWGSC authority levels or when requested by Treasury Board Secretariat.


**Real Property Projects:** For the purpose of this procedure, real property projects include all real property asset acquisitions (including entering into a lease), disposals or demolitions, improvements (including fit-up of accommodation space), construction, renovation, and environmental remediation of a built-work (building, bridge, dam, road, etc.) or Crown-owned land.

**Substantive Cost Estimate:** An estimate of high quality and reliability based on detailed design, work plans, and drawings for construction and installation. It includes site acquisition, site preparation, and any special requirements estimates, such as justified contingency funding requirements based on line-by-line risk assessment.

## 10. References

Treasury Board Publications

- [\*Policy on the Management of Projects\*](#)
- [\*Policy on Investment Planning - Assets and Acquired Services\*](#)
- [\*Directive on the Application of the Goods and Services Tax/Harmonized Sales Tax\*](#)
- [\*Guidance for the Preparation of Treasury Board Submissions\*](#)
- [\*Guideline on the Application of Goods and Services Tax/Harmonized Sales Tax\*](#)



Public Works and Government Services Canada Publications

- [\*National Project Management System Policy\*](#)
- [\*Delegation of Authorities – Real Property Authorities\*](#)

Real Property Branch Publications

- [\*National Investment Strategy 2000 - 2005\*](#)
- [\*Investment Analysis Policy\*](#)
- [\*Guide for the Preparation of Investment Analysis Reports\*](#)
- [\*NPMS Directive for Real Property Projects\*](#)
- [\*Directive on Real Property Branch Treasury Board Submissions\*](#)

## **11. Enquiries**

Enquiries concerning this procedure may be directed to:  
Director, National Portfolio Management  
Accommodation, Portfolio Management and Real Estate Services  
Real Property Branch, Headquarters  
PWGSC