



INTERPRETATION BULLETIN NUMBER IB 703-1/01

Effective Date: July 4, 2019

Applicable FAM Directive: FAM Directive 703-1 Expenditures – Classification and Appropriation Control, provisions 3.1. and 3.2.

Applicability: Department of Community and Government Services

3.1. Operations and Maintenance

Operations and maintenance expenditures are normally of a recurring or continuing nature, which are required for the delivery of government programs or services and which do not increase the number, value, original specifications, or life expectancy of assets owned or operated by the Government.

3.2. Capital Expenditures

3.2.1. Capital expenditures include: the expenditure to acquire, construct, develop, or prepare for use tangible capital assets, the cost of betterments made to existing capital assets, capital leases and the cost of intangible capital assets.

3.2.2. Except for items directly attributable to a capital project, any item having an estimated cost less than its capitalization threshold value must be budgeted as operations and maintenance.

INTERPRETATION

Facility Management expenditures that meet the definition of operations and maintenance under the Facility Management Program but exceed the capitalization threshold are classified as operations and maintenance expenditures (Vote 01) and charged against the corresponding operations and maintenance budget.

Should the total expenditures for an individual project exceed \$250,000, the expenditures must be classified as capital expenditures (Vote 02) and the approval of the Financial Management Board for that capital project is required.

Life-cycle costs and soil remediation do not qualify as operations and maintenance expenditures under the Facility Management Program mandate.