

MANAGING CAPITAL ASSETS



First Nations
**FINANCIAL
MANAGEMENT
BOARD**



KEY LEARNING OBJECTIVES



Why is it important to manage capital assets?



How can my Nation manage its capital assets?



**WHY SHOULD A
NATION MANAGE
ITS CAPITAL
ASSETS?**

WHAT IS A CAPITAL ASSET?

Offices, community gathering places, water treatment plants, clinics, schools, roads and houses are all important parts of safe and healthy community living.

Assets are things that the Nation owns.

Capital assets are items like property, buildings, land, or major equipment that a Nation will own for a long time.

What are some of the capital assets that your Nation owns?

Why are they important?

Nothing lasts forever.

Can a community thrive without equipment and buildings?



WHY SHOULD A NATION MANAGE ITS CAPITAL ASSETS?



Capital assets are expensive.

We all know there is never enough money to build, repair, or replace all of a Nation's equipment and buildings.

Planning ahead means a Nation can most likely predict some of these costs before it's too late.

MANAGING CAPITAL ASSETS

PLANNING

- Capital Assets Register
- Life-Cycle Management Plan
- Capital Project Plan

SAVING

- A reserve fund for building, replacing, repairing, and buying capital assets.

Regular maintenance can increase the lifespan of your buildings and equipment.

Planning can support your Nation in prioritizing and budgeting for the replacement of your buildings and equipment ahead of time.



**HOW CAN A
NATION MANAGE
ITS CAPITAL
ASSETS?**



A tangible capital asset register is a detailed list of a Nation's capital assets.

TANGIBLE CAPITAL ASSET REGISTER



What large and small assets are part of the register?



What is the expected lifespan of each capital asset?



CAPITAL ASSET REGISTER

SOURCES OF INFORMATION



ACRS reports



Depreciation Schedule from the annual audit



Insurance property listing



CMHC housing register



The life-cycle management plan is a yearly plan and budget for maintaining and replacing important community assets.

LIFE-CYCLE MANAGEMENT PLAN



How long will our assets last?
When will we have to repair or
replace them?



When will we have to pay to
maintain our assets? How
much money should we save
in our reserve fund?



ANNUAL INSPECTION OF ASSETS

A Nation should inspect its assets on a yearly basis. The inspection should report on:

- How the asset is being used and if it is insured
- The condition of the asset and how much longer it will last
- How much the asset would cost to replace compared to the cost of maintenance over the last five years



SAFEGUARDING OF ASSETS



Are your assets covered by insurance?

What consideration should your Nation have for access and security?

SCHEDULE AND BUDGET

The life-cycle management plan shows how much maintenance and replacement will cost over the next several years.

Why would these estimates be important to a Nation?



BUYING AND SELLING ASSETS



When can a Nation buy or sell assets? Who gets to decide?

Are there rules and processes to follow?





A capital project is the construction, repair, or replacement of a capital asset.

CAPITAL PROJECTS



What triggers a capital project process?
What are the rules for building, buying,
or repairing capital assets?



Does your capital project
have a business case? Is
this project realistic?

PROCESSES FOR CAPITAL PROJECTS

It is important to have processes for how the Nation will manage capital projects.

- How will the Nation manage the design, engineering, and environmental requirements?
- What guides contractor bidding and tendering?
- What is the process for making purchases?
- What needs to be insured?
- Will there be project guarantees?
- Who has authority?
- How expensive can a project be before a capital project plan is required?



CAPITAL PROJECT PLANS

A capital project plan is like a business plan. It shows if the project is feasible and how the Nation will achieve it.

Priorities for capital projects, especially major projects, should flow from the strategic plan.



WHAT IS IN A CAPITAL PROJECT PLAN?



All the information needed to make informed decisions about the project



Financial viability: is this project affordable and can we maintain it?



Project operating requirements: how will this project get done?



Risk assessment: what could go wrong with this project?



QUESTIONS? Let's chat.

First Nations Financial Management Board

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