



Rationale

The Bishop is responsible for all lands and buildings in the Diocese. To enable the Bishop to provide proper guidance in the management of these assets, all Diocesan institutions considering construction projects, real estate transactions, and other expenditures shall communicate these plans to the Bishop, care of the Diocesan Finance Office.

Policy

In British Columbia, a Catholic Bishop is recognized in law as a “corporation-sole” with respect to legislation regarding church property in his Diocese. This means the Bishop holds absolute title to the Church's property. In civil law the Bishop can do anything he wishes with the property as long as it is in compliance with Church law.

In this Province, a Catholic Bishop is also recognized by the Ministry of Education as the authority responsible for the operation of Catholic schools within his Diocese. In this dual capacity, the Bishop has a responsibility for major capital expenditures by Catholic schools in the diocese.

Regulation

I. For Building/Renovation Projects and Feasibility Studies up to \$10,000

For projects that are \$10,000 and under, in total, the school is delegated full authority to plan and proceed with the project/expenditure. Where this expenditure involves a feasibility study, the prior permission of the Bishop is required.

Due regard shall be given to general liability and property insurance, warranties and WCB considerations, where applicable. A competitive tendering process shall be used where practicable.

In schools, the school council and school administrator should consult with the Superintendent and Finance officer.

II. For Projects or Expenditures, including Feasibility Studies exceeding \$10,000

Between \$10,000 and \$25,000

When a parish or school is contemplating an expenditure, which will fall within these financial parameters, it must, before such expenditure is made, request approval from the Bishop, care of the Diocesan Finance Office. In order to obtain this approval the parish or school must, in addition to the information and requirements required for projects that are less than \$10,000, provide the Bishop with the following:

- details of the project or the expenditure and its justification
- preliminary estimate of the cost involved



- how the expenditure is to be financed
- Completion of Form 10-1001 is required to set the process in motion.

III. In excess of \$25,000

Approval in Principle

When the need arises in a school for a project or expenditure exceeding \$25,000, approval in principle by the Bishop is required as a first step. In order to allow the Bishop to assess the proposal, information required shall include the following.

- details of the project, including preliminary concept/ design sketches.
- project/ expenditure justification (feasibility study).
- preliminary estimate of the cost of the project.
- details of financing required / source of funds.
- preliminary repayment plan.

This information is to be included in a formal written request, and should only be brought to the Bishop after proper consultation has taken place at the local level:

Schools - School Councils must have consulted with the School administrators, the School Board and affiliated parishes.

Projects requiring substantial cash outlays shall obviously require greater effort and scrutiny. A formal school project committee should be considered to oversee the activity. For his part, the Bishop may choose to refer the proposal to the Diocesan Building Commission at this point. He may also seek guidance/ approval from his Consultors and the Finance Committee shall be briefed to consider financial aspects. As a practical matter, a meeting with proponents will likely be required after the written proposal is received and reviewed.

As a general rule, no major construction project will be considered unless the school/ parish can demonstrate that it will have at least 60% of the required funds in hand before the project commences.

No further work or expense should be undertaken without a written 'approval in principle' from the Bishop. This letter will state what diocesan involvement will be required.

IV. Use of Professionals

The Diocesan Building Commission, through the Diocesan Finance Office, is to be consulted in the choice of engineers, insurers, contractors, architects and other specialists required for the project. As a result, where specialists are to be engaged, school committees are required to consult with the Commission before engaging the services of these professionals.



V. Project Submission for Final Approval

Once approval in principle is received from the Bishop, the school shall prepare a detailed proposal for submission to the Bishop for final approval. Required information shall include:

- detailed description of the project and working drawings
- cost estimates including material, labour, sub-contracts etc.
- estimate of professional fees
- liturgical requirements/norms review if applicable
- financial requirement including request for MIC Funds
- detailed funding plan including repayment plan/schedule if applicable

This information will be reviewed by the Commission which, in consultation with the Finance Committee, will then make its recommendations to the Bishop. Proponents should expect to meet with the Building Commission and Bishop during the course of the final review process.

The Bishop shall make the final decision to approve, reject or amend, and convey this in writing to the school concerned.

VI. Project Management

Once formal written approval has been granted the project may proceed. Final design and construction documents must be developed/prepared where applicable. A competitive bidding process is mandatory, with at least three qualified contractors/suppliers asked to bid on pre-determined specifications and working drawings. The school must work with the diocese and its consultants when it comes to specifications and the bidding process. This is particularly important where the project involves roofing or flooring in existing buildings.

Due regard shall be given to general liability and property insurance, warranties and WCB considerations, where applicable.

Before a project commences and during the construction process, building permits, inspections, approvals, and other requirements (including environmental) of Local Authorities must be obtained and met.

Given liability issues, the use of volunteer labour, while beneficial in terms of containing costs, is a matter requiring careful consideration and should only be undertaken with the prior approval of the Building Commission.

A 10% holdback is required for progress payments, and these should be held for a minimum of 30 days from day of substantial completion, or as per existing provincial legislation.

All contracts exceeding \$50,000 shall be signed by the Bishop or his delegate, not the proposing institution. Those between \$10,000 and \$50,000 may be signed



by the pastor or school administrator, but only with the Bishop's written permission.

Monthly project progress reports are to be made available to the Bishop either by the contractor, architect, or the school, as arranged in the contract.

No significant 'extras' are to be undertaken without prior consultation with the Building Commission, which will also address any substantial cost over-runs, damage claims etc. The Commission will then, in consultation with the Diocesan Finance Office, seek the written approval of the Bishop.

VII. Project Financing

Once quotes have been received and contractor/supplier selected the final costs shall be determined and the amount of financing required agreed upon with the Diocesan Finance Office.

Expenditures incurred prior to receipt of final formal approval of the project (e.g. cost of architect) will not be considered for financing assistance, unless the school had received advance authority for such expenditure.

A formal agreement will be signed between the school and the Diocese, approved by the Diocesan Finance Committee, covering financing, interest, and repayment terms.

VIII. Project Completion

Certification of completion, liens release, certificate of occupancy and any other local regulatory requirement shall have been met before final payment to the contractor/supplier. Where new buildings are involved, the New Building Warranty will be verified to be in place.

Upon completion of the project and before final payment is made, the school shall provide the Bishop with a final costing and justify any variance from the original estimate or budgeted expenditure.

IX. Real Estate Transactions

No real property acquisition or disposal shall be made without the explicit written approval of the Bishop. Any proposal to purchase or sell land and/or building(s) shall follow the approval process set out above, modified as appropriate. With respect to a real estate sale, discussion with the Diocesan Finance Office must occur before approaching realtors or other parties.

X. Contact

Any questions concerning these guidelines and their application should be directed to the Diocesan Finance Office.

BUSINESS PROCEDURES



Island Catholic Schools

APPROVAL OF CAPITAL EXPENDITURES

714

Reference:	Approved
	Date Approved: June 1995
Cross-reference:	Date(s) Revised: September 2007

Diocese of Victoria

Request for Extraordinary Expenditure Exceeding \$10,000

Name of Parish _____

Description of Project _____

If Equipment is to be purchased, give details: _____

Costs – Preliminary (with details)

Financing Plan

BUSINESS PROCEDURES



Island Catholic Schools

APPROVAL OF CAPITAL EXPENDITURES

714

If MIC Capital loan is required, give details of Repayment Plan

Requested by _____

Date _____

Diocese of Victoria use only:

Request approved _____ Not Approved _____ Deferred _____

Signed _____

Date _____