 <p>B.S. Aquino Drive, Bacolod City, Negros Occidental, 6100</p> <p>DR. PABLO O. TORRE MEMORIAL HOSPITAL</p>	Document Code:	DPOTMH-B-8-P03
	Effective Date:	12-30-2021
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	Document Title:	BUDGET HEARING ACTIVITY- CAPITAL EXPENDITURES (CAPEX)

PURPOSE:


The purpose of this activity is to evaluate the validity of the projected Capital Expenditure (CAPEX) budget of a section/department.

LEVEL:

President and CEO, Corporate Finance Officer, Corporate Strategic Support Officer, Division Heads, Information Technology Officer, BioMed Engineer, Facilities Manager, Budget & Cost Manager, Materials Management Manager, Inventory & Cost Supervisor, Budget & Cost Supervisor, Budget Holder, Budget Staff.


DEFINITION OF TERMS:

1. Capital Expenditure (CAPEX) - This is the amount allocated or spent by a business for the purpose of acquiring new and/or additional or replacement to an existing fixed asset.
2. CAPEX Committee – A group composed of individuals appointed by the Management who are responsible of deliberating the reasonableness of the CAPEX budget of each Section/Department.
3. Medical Equipment – These are assets used for the specific purpose of diagnosis and treatment of disease or rehabilitation following disease or injury; it can be used either alone or in combination with any accessory, consumable or other piece of medical equipment.
4. Non-medical Equipment – These are assets classified as equipment that are non-medical in nature.
5. Construction Projects – These are major projects that involve building, maintaining or repairing structures as distinguished from Job orders.

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POLICY:

- 1 Each Section/Department is required to prepare their CAPEX budget and submit to the Budget and Cost Department on or before the date communicated to them.
- 2 The CAPEX Budget must be signed by the Section/Department Head and Division Head.
- 3 The CAPEX Budget must be well supported to include data that will substantiate the reasonableness of the request. Minimum data requirement to support the CAPEX budget are as follows:
 - 3.1 Medical Equipment – new and additional
 - 3.1.1 Projected Revenue (with detailed projected utilization and rates)
 - 3.1.2 Computation of Return on Investment (ROI)
 - 3.1.3 Computation of Payback Period
 - 3.2 Medical Equipment – replacement
 - 3.2.1 Age of equipment being replaced
 - 3.2.2 An endorsement letter from the BioMed Engineer that there is a need to replace the equipment
 - 3.2.3 Computation of Return on Investment (ROI)
 - 3.2.4 Computation of Payback Period
 - 3.3 Non-Medical – new and additional
 - 3.3.1 Justification of buying the equipment
 - 3.4 Non-Medical Replacement
 - 3.4.1 Age of equipment being replaced

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4 The CAPEX Budget must be broken down into:

4.1 Medical

4.1.1 New

4.1.2 Additional

4.1.3 Replacement

4.2 Non-medical

4.2.1 New


4.2.2 Additional

4.2.3 Replacement

4.3 Construction Projects

5 The CAPEX Budget must be deliberated by the CAPEX Committee before it is presented to the MANCOM for review.

6 The CAPEX Budget must be approved by the Management of Metro Pacific Hospital Holdings, Inc. (MPHHI) and RMCI Board of Directors.

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DOCUMENTATION:


Revised Policy

DISSEMINATION:

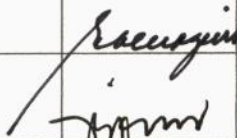
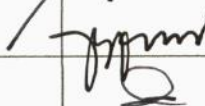





1. Hospital Communicator
2. Budget Hearing CAPEX

REFERENCE:

1. CAPEX-www.investopedia.com>...>Accounting
2. Medical Equipment – www.who.int>definitions
3. Construction – www.hq.nasa.gov

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APPROVAL:

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