First Nations Child & Family Services Capital Implementation Guide:

To Support the Ontario Final Agreement

Version 1
Fall 2026

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OVERVIEW: Approach to Implementing First Nations Child and Family Services Capital Commitments under the Ontario Final Agreement

FIRST NATIONS CHILD AND FAMILY SERVICES PROGRAM

The national First Nations Child and Family Services (FNCFS) Program provides funding and support for culturally appropriate child and family services that promote the safety and well-being of First Nations children, youth, and families ordinarily resident on a reserve.

The FNCFS Program provides resources for the holistic and culturally appropriate delivery of prevention and protection services to meet the needs of children, youth and families ordinarily resident on reserve or in the Yukon. The FNCFS Program funds eligible recipients to provide services that account for the distinct needs of First Nations children, youth and families including cultural, historical and geographical circumstances.

PURPOSE OF THIS GUIDE

This Guide outlines Indigenous Services Canada (ISC)'s approach to implementing capital funding commitments under the *Final Agreement on Long-Term Reform of the FNCFS Program in Ontario* (more commonly referred to as the Ontario Final Agreement or the "OFA"). It explains how First Nations and FNCFS service providers in Ontario can access capital funding to meet their service delivery needs. The Guide outlines how to submit funding requests, the approval and administration process for projects, eligibility criteria for assets and expenses, the stages of the project lifecycle, reporting requirements, and the dispute resolution process.

CAPITAL FUNDING COMMITTED UNDER THE OFA

Under the OFA, $439 million is available over the 8-year term of the OFA (May 29, 2026 to March 31, 2034) for FNCFS capital assets that support the delivery of the reformed FNCFS Program's funded services and activities in Ontario. This funding will support feasibility studies, the purchase and construction of capital assets, the repair and renovation of existing buildings, and the operations and maintenance costs of owned assets.

TRANSITION FROM 2021 CANADIAN HUMAN RIGHTS TRIBUNAL (CHRT) 41 PROCESS FOR ACCESSING FNCFS CAPITAL

Under the OFA, FNCFS capital funding will be administered under the Capital Facilities and Maintenance Program (CFMP), using a different process for accessing capital funding than the process established under the 2021 CHRT 41.

Approval Process:

For FNCFS capital proposals submitted **before** May 29, 2026 (the effective date of the OFA), ISC will apply the 2021 CHRT 41 approval process to determine if the proposal is approved.

Beginning on May 29, 2026, First Nations and FNCFS service providers will no longer be able to submit requests under the 2021 CHRT 41 process and will need to follow the process for accessing FNCFS capital funding under the OFA as outlined in this Guide.

For all capital proposals submitted **after** May 29, 2026, ISC will apply the OFA Capital Process to determine if the proposal is approved.

An exception is that for capital projects **where design funding was approved under the 2021 CHRT 41 approval process**, subsequent proposals for construction funding will not be subject to the full OFA Capital Process. ISC will approve such requests if they meet the eligibility criteria under the Terms and Conditions of the Reformed FNCFS Program and are supported by sufficient documentation. These proposals will be included in the First Nation Infrastructure Investment Plan (FNIIP) or Agency Infrastructure Investment Plan (AIIP) and the priority ranking process will only be applied to determine the fiscal year in which the construction stage will be funded. See Appendix 11 of the OFA for more information.

Please note that while OFA is in effect, this will not affect requests for capital under Jordan's Principle, which will continue to operate under the existing 2021 CHRT 41 process.

1. Eligibility

1.1 Funding Requestors

1.1.1 Eligible Funding Requestors

First Nations* in Ontario, which are bands as defined in subsection 2(1) of the *Indian Act*, are located in Ontario, and which are delivering services and receive funding under the reformed FNCFS Program.

FNCFS service providers, which are defined as agencies, societies or other provincially delegated child and family service providers in Ontario and which are delivering services and receive funding under the reformed FNCFS Program.

(*) First Nations include authorities, boards, or other entities created by First Nations for the purpose of providing social services or health care.

1.1.2 Ineligible Funding Requestors

First Nations in Ontario who have entered into a coordination agreement under the framework provided in *An Act respecting First Nations, Inuit and Métis children, youth and families* and their affiliated FNCFS Agency are not eligible for capital funding under the OFA in relation to services covered by the coordination agreement.

1.2 Activities and Assets

To be eligible for capital funding under the OFA, a capital asset must:

A) support the delivery of services or activities under **at least one** of the following reformed FNCFS Program funding streams (see section 6 of the FNCFS Terms & Conditions):

- Prevention Services;
- Child Protection Services;
- First Nation Representative Services; and
- Post-Majority Support Services.

B) Be an eligible asset, such as:

- Property, buildings, or spaces that provide a safe, accessible, adequate, confidential, or culturally appropriate location for the delivery of services or activities;
- Vehicles that support the delivery of FNCFS funded services or activities (please see link to FNCFS funding for purchase, operation and maintenance of vehicles in annex, for additional detail); and
- Temporary housing for personnel delivering FNCFS in First Nations where there are no available accommodations and this creates a challenge in attracting and retaining qualified staff. Consideration of whether suitable accommodations are available within a reasonable distance of the community (i.e., short-term or long-term accommodations) should also reflect the nature, scope and duration of the personnel's responsibilities in service delivery.

1.3 Expenditures

1.3.1 Eligible Expenditures (up to completion of construction)

- Capital feasibility studies;
- Environmental assessments or reviews;
- Land assessments;
- Design costs;
- Land purchase related to proposed construction projects;
- Purchase, new construction, renovation and replacement of assets;
- Operation costs for the duration of the project;
- Insurance for assets;
- Initial furniture, information technology and other equipment fit for purpose to furnish new spaces;
- Site preparation, lot servicing and site clean-up after construction;
- Construction of services from the building to the property line, including connection to the main distribution systems for water, sewer, electrification, gas and solar power at the edge of the property;
- Upgrades to site access enabling access to the building or other assets such as structures to support land-based learning and programming;
- Eligible administrative fees and professional fees of services that are acquired following the Tendering Policy and that must be related to project management/coordination, travel, and other project implementation and oversight activities; and
- Municipal/Provincial taxes for buildings and land located off reserve, up to the completion of construction.

1.3.2 Operations and Maintenance Costs

All assets should be:

- Maintained to achieve their full design life, including regular inspections, preventative maintenance, and repairs when required; and
- Operated to ensure their proper day-to-day functioning and service delivery outcomes as intended, with due regard to the health and safety of the community and the environment.

1.3.2.1 Operations and Maintenance Costs for Buildings

Eligible expenditures:

- Utilities, such as electricity, water, septic maintenance and gas;
- Grounds maintenance and snow clearing;
- Insurance costs;
- Salaries (including benefits) of qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the FNCFS-funded infrastructure;
- Training for the main operator(s) of infrastructure (it is expected that the main operator(s) will train other users where possible);
- Extended warranties and/or service contracts not included in the FNCFS-funded infrastructure;
- Extensions to warranty coverage, service contracts;
- Maintenance, repairs and minor renovations of the FNCFS-funded infrastructure assuring that the asset is kept in good operating condition and is available for use;
- Services (e.g., security, cleaning) that directly support space funded by the FNCFS program or for space that is essential to house and use the FNCFS-funded infrastructure, which may include common areas (pro-rated if not only related to FNCFS delivery), if applicable; and
- Supplies and consumables needed for infrastructure operations and maintenance.

1.3.2.2 Operations and Maintenance Costs for Vehicles

Eligible expenditures:

- Maintenance and repairs (including warranties). Routine maintenance should include oil changes, fluid top-ups, tire rotation and replacement, brake inspections and repairs; battery checks and replacements, safety inspections, scheduled servicing per manufacturer guidelines;
- Vehicle insurance (including liability coverage for transportation of program clients);
- Vehicle registration;
- Tires;
- Anti-rust treatment/undercoating; and
- Other appropriate maintenance necessary to keep the asset in good working order and available for use. Please note that this excludes car washes, detailing services, window tinting, aftermarket accessories and non-essential add-ons (e.g., seat covers, decals, entertainment systems); custom paint jobs; and non-safety-related upgrades.

1.3.3 Ineligible Expenditures

- Taxes for which the funding recipient is eligible for a tax rebate and all other costs eligible for rebates (e.g., Goods and Services [GST] Tax rebates or eco-retrofits to reduce greenhouse gas emissions which may be eligible under other federal funding);
- Expenditures reimbursed by any other source of funding (e.g., other Government of Canada Departments, Provincial or Territorial Governments);
- Costs related to communications (phone, internet, television);
- Costs related to fuel to operate vehicles (these costs are driven by program usage and are eligible under each stream of the FNCFS program);
- Expansion of core community infrastructure (main distribution systems) such as roads, electrical distribution, water and wastewater mains/systems[1]; and
- Costs associated with contract modifications and cancellations (please refer to the Capital Cost Increases Related to Contract Management or Cancellations bulletin, for more information).

1.4 Assets Located Off-Reserve

Construction or purchase of FNCFS capital assets off-reserve is eligible when no suitable property is available on reserve for construction or purchase, or where off-reserve construction or purchase is more accessible to First Nations children, youth and families on reserve or ordinarily resident on reserve.

1.5 Ownership of Assets

FNCFS capital assets located on- or off-reserve will be owned by the funding recipient as an eligibility requirement. If a First Nation is a funding recipient, the First Nation has the option of having the asset owned by their holding company or incorporated entity. Requests related to capital that is not owned by recipients will not be eligible (for example, requests to renovate leased office space or buildings).

1.6 Multi-Purpose Assets

Assets serving multiple purposes, for example, the delivery of FNCFS-funded services and activities along with unrelated activities, will be proportionally funded. The project documentation must include the details of the multi-purpose asset as part of the feasibility study to substantiate the most effective way to provide FNCFS-funded services and activities.

Justification for multipurpose assets will be assessed on a case-by-case basis and may include considerations such as location, accessibility, and/or the cost-effectiveness of a joint facility. For example, in a small community, one building that includes several different departments all

[1]*For FNCFS capital projects that do not have existing core infrastructure, First Nations can apply separately for such capital, such as water and wastewater projects, by including these requests in their broader First Nation Infrastructure Investment Plans. Applications will be considered under the Capital Facilities and Maintenance Program, subject to applicable approval processes and availability of funding. Following the 2026-27 transition year, FNCFS capital requests will be integrated into overall community infrastructure planning (FNIIPs) to ensure alignment with broader community goals.*

offering services to the community and sharing certain spaces within the building could be the lowest-cost option.

Where a recipient determines that a multi-purpose building is best suited to their needs, ISC will determine the amount to be proportionally funded based on the clear identification of spaces needed for FNCFS service delivery and the amount of time for which they will be used for FNCFS programming.

Note that a funding decision on the capital request will only reflect the portion of a multi-purpose asset that is intended to support FNCFS funded services and activities.

To assess the proportional funding for which multi-purpose facilities could be eligible, requestors will need to provide a functional space plan. The information provided should include, but is not limited to the following:

- Current scope of programs and services;
- Staffing requirements to deliver programs and services;
- FNCFS funding tied to the staff salaries and the funding needed to support activities;
- Estimated capital requirements of current program and/or service; and
- Extent to which this type of capital is currently available to the First Nation or FNCFS agency and the current condition/state of these existing assets.

If the spaces and activities exceed the FNCFS funding available or if the spaces exceed what can reasonably be used by a recipient daily, the space may not be eligible for funding or may be eligible for only partial funding.

Funding eligibility will be calculated by applying the percentage of CFS-eligible use to the total area (square footage) of each room. This approach ensures that funding is provided proportionally, based only on the portion of the facility that supports eligible program delivery. For example, if a room is used 75% of the time for CFS-funded program delivery and 25% for non-CFS activities, 75% of the room's total area would be considered eligible for funding and the remaining 25% would be ineligible and excluded from the funding calculation.

1.7 Joint Assets with other First Nation(s) or FNCFS Service Provider(s)

First Nations and FNCFS service providers can jointly submit a capital funding request for an asset that fulfills a common need.

2. Capital Project Lifecycle

Capital projects funded under the OFA (except for vehicle purchases) may follow a six-stage project lifecycle:

1. Planning and prioritization;
2. Feasibility study (including other pre-design surveys/studies);
3. Design;
4. Procurement and construction/acquisition, and commissioning;
5. Operations and maintenance; and
6. Decommissioning (where applicable). The decommissioning phase of a construction project is the final stage involving the safe shutdown, dismantling, and removal of structures, equipment, and materials after their useful life. It focuses on returning the site to its original state or preparing it for redevelopment through decontamination, demolition, site clearing, and land restoration.

ISC can provide ongoing support to recipients, as needed, and a stage-based review process will be applied throughout the capital project life cycle; for example, ISC will conduct technical reviews of the feasibility study and design before approving the subsequent phases.

2.1 Planning and Prioritization Stage

FNCFS capital project funding requests in Ontario will follow an established planning and prioritization process to ensure that the highest priority needs are identified and supported each fiscal year in a consistent and transparent way.

Steps in the planning and prioritization stage include:

1. Submission of FNCFS capital project funding requests via First Nation Infrastructure Investment Plans (FNIIPs) and Agency Infrastructure Investment Plans (AIIPs);
2. Eligibility assessment of FNCFS capital project funding requests based upon the criteria outlined in section 1 above; and
3. Evaluation of FNCFS capital project funding requests using the FNCFS Capital Priority Ranking Framework (PRF).

2.1.1 Submission of FNCFS Capital Project Funding Requests via First Nation Infrastructure Investment Plans (FNIIPs) and Agency Infrastructure Investment Plans (AIIPs)

Overview

ISC will administer FNCFS capital funding under the OFA based on project proposals, with each eligible First Nation identifying their FNCFS capital needs annually in updates to their FNIIP and FNCFS Agencies identifying their FNCFS capital needs annually in updates to their AIIP, which is annexed to their Child and Community Well-Being Plan (CCWP).

A) First Nations Planning

- Each First Nation in Ontario will identify and rank their FNCFS capital needs in a distinct tab within their community-level FNIIP, a long-standing planning tool.
- Multiple FNCFS capital priorities can be included in the FNCFS capital tab within the FNIIP, with each considered a separate FNCFS capital project funding proposal to be evaluated independently.
- Completing the FNCFS "Priority List" tab within the FNIIP provides the information required to rank capital project funding proposals using the FNCFS Capital PRF.
- ISC Regional Staff can support First Nations in developing the FNCFS "Priority List" tab within the FNIIP, ensuring it contains all necessary information, and identifying whether any additional details are needed.
- The FNIIP requires that a person authorized by a First Nation's Chief and Council certify that the information provided has been reviewed and deemed acceptable by the Chief and Council.
- First Nations can, but are not required to, update the FNCFS "Priority List" tab within the FNIIP annually. FNIIP updates must be submitted to ISC by September 30th.

B) FNCFS Agency Planning

- FNCFS Agencies will undertake the same activity, but instead of identifying and ranking their FNCFS capital needs in an FNCFS capital tab of a FNIIP, Agencies will submit FNCFS capital-specific AIIPs, which are annexed to their CCWPs.
- The CCWP is a multi-year plan developed jointly by FNCFS Agencies and the First Nation(s) they serve, which will guide FNCFS Agencies in planning, designing and undertaking activities to support the delivery of the Reformed FNCFS Program.
- Beginning in fiscal year 2027-28, the AIIP annex will be updated and submitted to ISC by September 30th of each year.
- FNCFS Agencies can, but are not required to update the AIIP annually. Updates must be submitted to ISC by September 30th.
- In order to be eligible for capital funding, FNCFS Agencies will need to certify in the Attestation and Consent Form tab of the AIIP that they have obtained support of the First Nation(s) served by the FNCFS Agency and provide information about the First Nation contact(s) authorized by the Band Council.
- ISC Regional Staff can support FNCFS Agencies in developing the AIIP, ensuring it contains all necessary information, and identifying whether any additional details are needed.

For the full list of elements to be included in the CCWP, consult Appendix 6 of the OFA (*Reformed FNCFS Program Schedules for Contribution Funding Agreements, Part A, Section 10 – Accountability to First Nations*).

C) Planning for Vehicle Funding Requests:

The OFA capital funding envelope will include an annual allocation for FNCFS vehicle requests. In fiscal years 2026-27 and 2027-28, $2.2 million will be available each year in support of these requests. The value of the vehicle allocation in subsequent years of the OFA will be determined following the Initial Program Assessment to be completed by March 31, 2028.

During the 2026-27 transition year, a call-out will be issued for vehicle funding requests for fiscal years 2026-27 and 2027-28. First Nations will submit vehicle requests using the Vehicle FNIIP and FNCFS agencies will submit vehicle requests using the Vehicle AIIP.

In subsequent years of the OFA, vehicle funding requests will be included annually in a distinct tab within the annual FNIIPs and AIIPs.

D) OFA Capital Process Timeline

As part of the transition in year 1 (fiscal year 2026-2027), the following will be prioritized for support:

- Construction of projects that were designed under 2021 CHRT 41;
- Vehicle requests, including a vehicle call-out followed by application of the Vehicle PRF; and
- Operations and maintenance funding for facilities constructed under 2021 CHRT 41 and in service.

Year	Timelines
OFA Transition Year (Year 1)	Fall 2026 – November 30, 2026: Submission Deadline for FNIIPs/AIIPs
	March 31, 2027: The list of ranked projects is finalized, following Ontario Reform Implementation Committee (ORIC) review
	December 18, 2026 - Submission Deadline for Vehicle FNIIPs/AIIPs
Subsequent Years (2027-2028 onwards)	September 30: Submission Deadline for FNIIPs/AIIPs
	March 31: The list of ranked projects is finalized, following ORIC review

2.1.2 Eligibility Assessment of FNCFS Capital Project Funding Requests

Once the FNIIPs/AIIPs are received, ISC will assess the eligibility of the FNCFS capital project funding proposals according to the criteria outlined in Section 1 of this Guide.

2.1.3 Evaluation of FNCFS Capital Project Funding Requests Using the FNCFS Capital Priority Ranking Framework (PRF) and Vehicle PRF

Purpose and Criteria – Capital Project Requests

Once eligibility has been determined, FNCFS capital project funding proposals submitted by First Nations and FNCFS Agencies alike are assessed and ranked using the FNCFS Capital PRF.

The FNCFS Capital PRF is a tool that helps ensure that FNCFS capital funding under the OFA is directed to the highest priorities using a consistent and transparent process. It uses a weighted scoring system to assess proposals against several standardized criteria:

- **Criteria applicable to renovations:**
  - The condition of the current building; and
  - If the building meets safety standards and Ontario's building codes.
- **Criteria applicable to new builds:**
  - Whether existing space can meet service needs.
- **Criteria applicable to both renovation and new builds:**
  - If the community has received construction funding before;
  - How many of the FNCFS Program's funding components will be delivered (for First Nations) or how many First Nations will be served (for FNCFS Agencies);
  - How much of the space will be dedicated to FNCFS service delivery;
  - Whether essential infrastructure like water, power, and roads is in place;
  - Whether the request comes from a First Nation; and
  - If the request comes from an FNCFS Agency, whether a land designation is secured or in progress.

Purpose and Criteria – Vehicle Requests

OFA vehicle funding requests will be assessed and ranked using the OFA Vehicle PRF. The OFA Vehicle PRF is a tool that helps ensure that FNCFS vehicle funding under the OFA is directed to the highest priorities using a consistent and transparent process. It uses a weighted scoring system to assess proposals against several standardized criteria:

- Identity of requestor;
- Previous vehicle funding under 2021 CHRT 41 / OFA process;
- Number and value of vehicles previously funded;
- Age and condition of existing fleet;
- Scope of programming;
- Readiness to deploy the vehicle(s); and
- Urgency of need.

PRF Process

ISC's Capital Program staff will prepare an initial ranking report that identifies the projects that ranked highest through application of the FNCFS Capital PRF. Then, an anonymized list will be submitted to the Ontario Reform Implementation Committee (ORIC) for review. The ORIC will examine the ranked list of projects and provide feedback to ISC, including any concerns or observations regarding the prioritization of projects.

The highest ranked projects will be funded as per the yearly funding allocation. ISC makes the final funding decisions. Projects that rank high enough and can be funded within the yearly funding envelope will proceed. Upon completion and approval of the list of ranked projects, each recipient will be informed of which project(s) have been selected and what funding they are eligible to receive for the upcoming fiscal year. ISC will provide notifications to requestors towards the end of each prior fiscal year or at the outset of the fiscal year in which investments will be made.

Projects that are not selected for funding in a given fiscal year will remain in the FNIIP or AIIP, and their ranking will be retained for consideration in subsequent years. Unless recipients revise their FNIIPS or AIIPs, these projects will automatically be carried forward and included in the prioritization process in subsequent fiscal years until funding is received. Recipients will therefore not be required to restart the prioritization process each year.

Notification of Non-Selection

Where a project does not rank high enough to be supported within the funding envelope for the current year, ISC will provide written notification to the requestor following the completion of the priority ranking.

The notification will include the proposed project's ranking and a general rationale for non-selection. Requestors may submit a written request for clarification within 10 business days of receiving the funding decision. ISC will respond within 10 business days, providing a high-level summary of how the project was assessed, i.e., the priority ranking exercise, and any relevant feedback.

If a First Nation or FNCFS Agency disagrees with ISC's assessment, they may pursue a Claimant Dispute under the OFA's dispute resolution process. This process is described in Section 6 of this Guide.

2.2. Feasibility Study Stage

Request for Feasibility Stage Funding

When a project is selected for feasibility stage funding via the FNCFS Capital PRF, the requestor will be invited to submit a request for feasibility study funding using a Simplified Project Approval Request (PAR) template.

The Simplified PAR includes the following:

- First Nation Information
- Project Summary
- Project rationale, justification, scope of work, cost estimate, schedule;
- Project Management Framework (if any), change order approval process; and
- Risk assessment & environment.

Additionally, Terms of Reference will be completed for the hiring of a consultant.

Feasibility Study Process and Content

The feasibility study will demonstrate the viability, worth and sustainability of the proposed project, and assess the likelihood of success before significant time, money, or resources are invested.

At the end of the feasibility study stage, the First Nation or FNCFS agency will submit a draft feasibility study report to the ISC Regional Office for review.

ISC will review the draft feasibility study to ensure it identifies and evaluates all feasible technical options, including Life-Cycle Cost (LCC) analysis to assess value-for-money and justify the recommended option.

The information to be provided in the feasibility study includes:

- An options analysis, with a life cycle cost analysis for each option, and identification of the preferred option;
- Project implementation plan, including a project schedule;
- The Class "C"[2] or "D"[3] cost estimate for the project;
- Cash flow projection by fiscal year;
- Environmental screening assessment as per ISC's environmental review process, including identification of environmental, social, health, and economic impacts, both negative and positive;
- Land requirements, field investigations;
-
- **For First Nations:** Chief and Council endorsement of the feasibility study recommendation through a cover letter or other means acceptable to the First Nation; and
- **For FNCFS Agencies:** Band Council Resolution(s) endorsing the feasibility study recommendation.

The project owner is required to adhere to the Protocol on ISC-funded Infrastructure (PIFI) as a requirement of funding for the feasibility study.

Capital projects must align with the First Nation's own tendering policies or, in the absence of such policies, must align with the Tendering Policy on Federally Funded Capital Projects and meet requirements outlined in the PIFI.

Once the feasibility study is finalized, ISC will provide the recipient with approval to proceed to the next stage.

2.3. Design Stage

Request for Design Stage Funding

Following the finalization of the feasibility study, the requestor submits a full Project Approval Request (PAR) to request design stage funding (requestors should contact ISC's regional office for a copy of the Project Approval Request Template).

The PAR does not constitute a separate funding application. The PAR at the design stage allows ISC to assess whether a project is properly scoped and justified, complies with applicable

[2] *A Class C estimate is a type of construction cost estimate used during the schematic or conceptual design stage of a project. It provides a moderate level of detail and is typically used to support investment decisions and early project planning. Based on a full description of the preferred option, construction/design experience, and market conditions, this estimate should be sufficient for making the correct investment decision.*

[3] *Based upon a statement of requirements, and an outline of potential solutions, this estimate is strictly an indication (rough order of magnitude) of the final project cost and should be sufficient to provide an indication of cost and allow for ranking of all the options being considered.*

technical and legal requirements, and is supported by appropriate due diligence. This PAR must also include the full list of options considered at the feasibility stage, along with a full life-cycle cost analysis for those options. This PAR will include the feasibility study, detailed scope, cost estimates, justification, and all necessary documentation, such as budget breakdowns, risk assessments (via the Project Risk Assessment Tool), and project schedules.

ISC officials with infrastructure experience will support requestors during this stage.

After the PAR is endorsed by ISC, the design stage is funded through an amendment of the recipient funding agreement.

Design Stage Deliverables

During the design stage, the recipient proceeds with the development of the option selected from the feasibility study.

At the end of the design stage, the final design documents and tender specifications package prepared by their design team must be complete and have sufficient detail for eligible or invited contractors/suppliers to bid on the project, including a Class "A"[4] cost estimate.

The project design must be endorsed by ISC before it proceeds to the construction stage.

2.4. Procurement and Construction/Acquisition, and Commissioning Stage

Procurement Stage Funding and Requirements

At this stage, approved funding is released according to a payment schedule, based on progress milestones that the Regional Capital Management Officer monitors.

The recipient proceeds with project progress payments previously endorsed via the PAR.

Once endorsed, the procurement and construction/acquisition funding is completed through an amendment of the recipient's funding agreement.

As a requirement of funding, FNCFS projects must align with the First Nation's own tendering policies or, in the absence of such policies, must align with the Tendering Policy on Federally Funded Capital Projects.

The following **documents are required during the procurement stage**:

- Summary of the tenders received and tender analysis; and
- Recommendation for a contract award and a copy of the contract.

Post-Construction or Renovation Process and Requirements

Once an asset is constructed, renovated, or upgraded, and commissioned, ISC records it in its Integrated Capital Management System (ICMS).

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[4] *Based on complete working drawings and specifications, and prepared prior to calling competitive tenders, this estimate should be sufficient to allow a detailed reconciliation/ negotiation with any contractors proffered tender.*

To assist in the creation of that record, **recipients submit the following closure documents** to ISC:

- A letter of acceptance is produced upon completion of the construction and commissioning of a new/renovated infrastructure asset. The letter is signed by the recipient, attesting that the work was completed in accordance with the scope of work;
- A certificate of completion is signed by the project manager (or equivalent) and enclosed with the letter;
- A project close-out package, containing ICMS new asset inventory forms or an ICMS change form with the construction consultant's seal and signature of the recipient; and
- A completion report with lessons learned completed by project authorities (i.e., First Nation, Agency, ISC, consultant(s), etc.).

Before the final payment is issued, a member of the ISC Community Infrastructure team will review the project closure deliverables.

The Ontario Region Asset Management Group is notified of the project close-out and verifies that the ICMS and the Grants and Contributions Information Management System (GCIMS) have been fully and accurately updated for the project.

Asset and systems inspections are then conducted as part of the risk-based monitoring process. Asset Condition Reporting System inspections are to be scheduled for completion within three years of project close-out.

2.5. Changes in Cost

Increases to approved project budgets that are due to unforeseen developments or events in a project must be managed within the project's Total Estimated Cost (TEC), which includes an approved amount of contingency funding. Where cost increases do not result in an increase in project scope, a Project Change Request will not be required. An illustrative example is the unanticipated discovery of bedrock while digging during construction.

Any increases to a project's TEC that result in a change in project scope must be submitted to ISC for approval using a Project Change Request.

A project scope change is a change to previously approved physical scope of work, which results in a change in the intention of the PAR. Scope changes represent a substantive change to the design, layout, architecture or quality of the project. This includes new work that must be accomplished to deliver the project's objectives and work associated with additional features, reduced or increased functionality, new or modified deliverables, or adjustments to the overall project. Scope changes typically also result in a change in cost.

Examples of scope changes include, but are not limited to: an increased building area; a change to design assumptions; a change in location; a change to the design basis (upgrade vs. new infrastructure); a change in distribution system layout or length of extension; a change in power source(s); a change in building layout /gross floor area; and a change in the quality of construction materials.

2.6. Operations and Maintenance Stage

Recipients operate and maintain assets constructed/acquired using ISC capital funding. ISC provides formula-based funding that is set aside yearly for each recipient, for use in operations and maintenance (O&M), as well as minor renovations and repairs of infrastructure assets.

ISC will fund O&M costs for approved FNCFS capital assets according to a formula that factors in the base and variable unit costs of the asset, the asset size or quantity, the city-centre cost index, and a remoteness adjustment.

Recipients are responsible for:

- Meeting requirements outlined in the Protocol on ISC-funded Infrastructure;
- Meeting requirements outlined in the Terms and Conditions of their funding arrangement with respect to facilities O&M; and
- Developing and maintaining an inventory of capital assets.

2.7. Decommission Stage

On occasion, the decommissioning of an asset is a part of a new construction project. For instance, the recipient constructs a new facility and decommissions the old facility.

Where decommissioning is necessary, this needs to be incorporated into the PAR for the overall project, outlining the project's scope, costs, schedule, justification and risks before funding agreement amendments can be made.

In the case of a demolition, an inspection and an environmental assessment are required.

3. Reporting Requirements

All reporting requirements, including annual audited financial reports, are to be outlined in the funding agreement between the recipient and Canada.

Once funding flows, recipients must report on:

- Expenditures (financial tracking);
- Progress updates (milestones, delays); and
- Completion documentation (final reports, inspections).

Please consult the Reporting Guide for additional information on financial and program reporting requirements and links to reporting forms.

3.1 Expenditures (Financial Tracking)

Under the CFMP, recipients are required to maintain detailed financial records that demonstrate how allocated funds are spent. This includes:

- Itemized budgets showing actual vs. projected costs for materials, labor, and services;
- Invoices and receipts for all eligible expenditures, aligned with approved funding categories;
- Quarterly or annual financial statements submitted through the Grants and Contributions Information Management System (GCIMS);
- Variance explanations if spending deviates from the original budget; and
- Submission of Change Orders, Change Order Log and supporting documentation.

These records ensure transparency and allow ISC to verify that funds are used in accordance with program guidelines.

3.2 Progress Updates (Milestones, Delays)

Progress reporting is essential to track the implementation of capital projects. Under the CFMP, recipients must provide:

- Milestone tracking: Updates on key phases such as design completion, procurement, construction start, and substantial completion;
- Narrative reports: Descriptions of progress, challenges, and mitigation strategies;
- Revised timelines: If delays occur due to weather, procurement issues, or community consultations, these must be documented and justified; and
- Photographic evidence: Often required to visually confirm progress, particularly for CFMP-funded construction.

These updates help ISC assess project health and determine if additional support or adjustments are needed.

3.3 Completion Documentation (Final Reports, Inspections)

Once a project is completed, comprehensive documentation must be submitted to close out the file. This includes:

- **Final project report**: Summarizing scope, outcomes, lessons learned, and alignment with original objectives;
- **Inspection reports**: Signed by qualified professionals to confirm that the infrastructure meets safety and regulatory standards;
- **As-built drawings and certifications**;
- **O&M Manual Submission**: Outlining procedures for **ongoing maintenance, safety protocols, equipment servicing schedules**, and **emergency response plans**. It ensures long-term sustainability of the asset and supports future maintenance funding; and
- **Asset registration**: Ensuring the new facility is entered into ISC's asset management systems for future maintenance funding.

Failure to submit completion documentation can delay funding or trigger audits.

ISC can provide support during this time, as needed.

4. Requirements for Construction Projects

Existing ISC program policies and guidelines related to the CFMP, the Protocol for ISC-funded Infrastructure, and other policies (e.g., Policy on Transfer Payments) will be used to support the implementation of eligible capital requests. In instances where requests do not fall under existing policies, ISC will work with the funding requestor to identify requirements based on industry standards and best practices.

Federally funded capital projects administered by First Nations must align with the First Nation's own tendering policies or, in the absence of such policies, the projects must align with the tendering policy on federally funded capital projects for First Nations on reserve. Federally funded capital projects administered by FNCFS agencies must align with public sector tendering practices. Recipients are responsible for calling tenders to ensure that projects are fit for purpose and deliver value for money, while upholding principles of prudence, probity, and sound contract management.

5. Repayable contributions

If any of assets are sold or disposed of in some other way or if, in a manner within the control of the funding recipient, the assets become unavailable for FNCFS-related purposes, FNCFS reserves the right to a repayment proportional to the contribution made to the project. In instances where a First Nation or FNCFS agency receives funds resulting from the disposal of project assets, ISC may recover the cost from the First Nation or FNCFS Agency.

Any profit derived from the sale or disposition of an FNCFS Program funded capital asset is considered Crown funding. This funding must be reflected in a recipient's annual audited financial statements and plan for expenditure of unexpended funding and used exclusively to deliver FNCFS programs and services.

Where asset is sold, leased, encumbered, or disposed of within:	**Return of contribution to ISC (In current dollars)**
2 years after project completion	100%
Between 2 and 5 years after project completion	55%
Between 5 and 10 years after project completion	10%

6. Dispute Resolution Process for FNCFS Capital Funding Requests under the Ontario Final Agreement

All provisions outlined in Part XIX – Dispute Resolution Process of the Ontario Final Agreement apply to claimant disputes related to capital funding requests.

ISC's funding decisions resulting from application of the FNCFS Capital PRF to requests will be subject to claimant disputes. Requestors may submit a Claimant Dispute by delivering a Notice to Arbitrate and a signed Claimant Arbitration Agreement within ninety (90) days of receiving notification of the funding decision.

The OFA Dispute Resolution Process is set out in Part XIX (19) of the Plain Language Guide: Part XIX (19): Dispute Resolution Process. The Guide provides additional information on the dispute resolution process, including how to submit a claimant dispute, and will be shared with recipients once available.

For detailed information on the dispute resolution process and how to submit a claimant dispute, please refer to the Ontario Final Agreement Implementation Guide or the Ontario Final Agreement.

7. Ongoing Guidance from ISC Throughout the Process

ISC officials will provide technical support to requestors throughout the application process and the capital project stages to help ensure that eligible capital requests are funded and completed.

If a funding request does not fall within the scope of the OFA, to the greatest extent possible, ISC will help the requestor determine if there are other potential federal sources of funding that could be accessed to support the project.

Existing ISC program policies and other federal policies will be used to support the implementation of eligible capital requests. In cases where these policies do not provide sufficient guidance, ISC will work with the funding requestor to identify requirements based on industry standards and best practices.

8. Contact Information

Questions about eligibility and the overall process to access funding: ReformeSEFPNOntario-FNCFSReformOntario@sac-isc.gc.ca

Questions about the stages and the associated requirements for capital projects: ISC regional Capital employees (Contact information for regions can be found here)

ANNEXES

Annex A: Glossary of Terms Related to ISC Capital Projects

Band Council Resolution (BCR): A formal motion passed by a Chief and Council to authorize or support a proposed project or expenditure, demonstrating community-level endorsement.

Capital Facilities and Maintenance Program (CFMP): Indigenous Services Canada's (ISC's) CFMP is the Government of Canada's main vehicle to support community infrastructure for First Nations on reserves. The CFMP invests in the planning, design, construction, renovation, acquisition and operations and maintenance of community infrastructure that supports First Nations to build healthy, safe and prosperous communities and enables engagement in the economy.

Class A Cost Estimate: A highly detailed cost projection based on completed design documents, used for final decision-making and funding approval. Based on complete working drawings and specifications, and prepared prior to calling competitive tenders, this estimate should be sufficient to allow for a detailed reconciliation/ negotiation with any contractors proffered tender.

Class D Cost Estimate: A preliminary estimate based on conceptual or schematic designs, used for planning and feasibility purposes. Based upon a statement of requirements, and an outline of potential solutions, this estimate is strictly an indication (rough order of magnitude) of the final project cost and should be sufficient to provide an indication of cost and allow for ranking all the options being considered.

Data Collection Instrument (DCI): A standardized ISC reporting tool used to gather consistent project data across regions and phases. For capital projects funded through a funding arrangement that requires progress reports, the Capital Projects Report provides the current status of the capital project. This includes information on progress or signed documentation by authorized personnel ensuring legislated codes and standards have been met, and that the work has been completed in accordance with the Terms and Conditions set out in the funding agreement. The information is used to trigger warrantee periods and to set up the new asset in the Integrated Capital Management System so that Operations and Maintenance funding can begin.

Decommissioning Stage: The decommissioning phase of a construction project is the final stage involving the safe shutdown, dismantling, and removal of structures, equipment, and materials after their useful life. It focuses on returning the site to its original state or preparing it for redevelopment through decontamination, demolition, site clearing, and land restoration.

Feasibility Study: The feasibility study phase examines all technically sound and economically viable options available to achieve the objectives of a capital project and provides the planning information required for the project to move ahead to subsequent phases. The feasibility study report:

- Details the options and investigates site issues impacting those options;
- Weighs the advantages and disadvantages of each option;
- Assesses the cost effectiveness of each option; and
- Determines if the options meet ISC program funding requirements.

The feasibility study report recommends a preferred option and should determine the most appropriate strategy for moving ahead with the project and maximizing benefits to the community while meeting ISC program funding requirements.

FNCFS agency: An agency established by and affiliated with one or more First Nations and delegated or authorized pursuant to provincial or other authorities to provide legislated child welfare services.

First Nation Service Provider: An entity authorized by a First Nation to deliver services and to receive funding under the Reformed FNCFS Program.

Functional Plan / Functional Programming: A planning document outlining the types, sizes, and relationships of spaces required in a facility, tied to the delivery of FNCFS services.

Funding Agreement: A written agreement or documentation constituting an agreement between the Government of Canada and a funding recipient setting out the obligations or understandings of both with respect to one or more transfer payments. It describes the requirements needed to maintain the accountability relationship between ISC and the funding recipient. Additional information on National Funding Agreement Models is available online.

Funding Recipient: An individual or entity that has met the eligibility criteria of the program and has signed a funding agreement with ISC to deliver an initiative (program, service, or activity).

Funding Requestor ("requestor"): An individual or entity that has met the eligibility criteria of the program for submitting a capital funding request needed to support the delivery of FNCFS funded activities or services.

Geotechnical Investigation: Engineering assessment of soil and ground conditions on a potential building site to inform design and construction planning.

ISC Land Clearance: Confirmation that the land on which the project is proposed is eligible, available, and cleared for use under ISC policy and federal requirements.

Lot Servicing: Documentation of existing or required infrastructure (e.g., water, sewer, power) to make a site build-ready.

Operations & Maintenance Manual: Documentation that provides instructions and specifications for the day-to-day operation, routine maintenance, and long-term care of a building.

Phase 1 Environmental Site Assessment (ESA): A review to identify potential or existing environmental contamination on a property, required prior to construction or land purchase.

Post-Tender Documentation: A package submitted after competitive procurement that includes the selected bid, tender analysis, revised cost estimates, and contract documents.

Project Close-Out Package: The final set of documents and reports submitted after construction is complete, confirming that the project is finished, compliant, and ready for operations.

Project Completion Report: A summary report of project outcomes, lessons learned, and final costs, completed by project authorities and submitted to ISC. The completion report typically contains signed and sealed drawings; stamped and sealed field inspection reports; commissioning reports (final inspection, testing, set-up and start-up of systems and controls, etc.); and a complete set of full record drawings, signed and sealed by the professional engineer of record.

Protocol for ISC-Funded Infrastructure: The PIFI is a list of statutes, regulations, policies, codes, directives, standards, protocols, specifications, guidelines and procedures applicable under the Capital Facilities and Maintenance Program.

Site Survey: A topographical and legal mapping of the project site, used to identify boundaries, elevation, and natural/man-made features.

Tendering (Open or Invited): The competitive process of soliciting bids from qualified vendors or firms. ISC requires adherence to federal procurement policies for capital funding, following the Tendering policy on federally funded capital projects for First Nations on reserve.

Vehicle Replacement Policy: A documented plan that outlines how and when program vehicles are replaced, based on use, condition, and program needs.

Annex B: Documents and Links

Document	Link
Agency Infrastructure Investment Plan (2026-2027 AIIP Sample Template)	Link to follow
Capital Project Submission Project Change Request for Approval	Link to follow
First Nations Infrastructure Investment Plan (2026-2027 FNIIP Sample Template)	Link to follow
FNCFS Capital Priority Ranking Framework	Link to follow
FNCFS Information Bulletin - Capital Cost Increases Related to Contract Management or Cancellations – 2021 CHRT 41	Link to follow
FNCFS Information Bulletin – FNCFS Funding for Purchase, Operation and Maintenance of Vehicles	Link to follow
FNCFS Terms and Conditions: Contributions to provide children, youth, young adults, families and communities, with prevention and protection services	FNCFS Terms and Conditions: Contributions to provide children, youth, young adults, families and communities, with prevention and protection services
FNCFS Vehicle Priority Ranking Framework	Link to follow
Full Project Approval Request Template	Link to follow
Indigenous Services Canada (ISC) Environmental Review Process (ERP)	Environmental review process for projects on reserve land
ISC Directive on Land Tenure Survey Requirements for Community Infrastructure Investments on First Nation Reserve Lands	Link to follow
OFA Capital FAQ (Frequently Asked Questions)	Link to follow
OFA Transition Year Forms: - Vehicle Funding Request - Capital Funding Request For Change Order - Capital Construction Phase Funding Request	Links to follow
Ontario Final Agreement	Final Agreement on FNCFS Program Reform in Ontario -- February 26, 2025.pdf
Plain Language Guide: Part XIX (19): Dispute Resolution	Link to follow
Policy on tendering for First Nations' federally funded capital projects	Policy on tendering for First Nations' federally funded capital projects
Policy on Transfer Payments	Policy on Transfer Payments- Canada.ca
Protocol for ISC-Funded Infrastructure	Protocol for ISC-Funded Infrastructure
Simplified Project Approval Request Template	Link to Follow
Step-by-Step Guide to Completing Capital Projects Priority List of the FNIIP/AIIP (OFA FNIIP-AIIP Guidance Document)	Link to follow
The Reporting Guide (ISC)	The Reporting Guide