

Indian and Inuit Affairs

Chapter 6  
Capital Facilities and Community Services

**PD 6.17**  
**Evaluation of Capital Projects under Contribution Arrangements**

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**1.0 Purpose**

This directive outlines a process to be followed in reviewing and evaluating capital projects completed under a Contribution Arrangement.

**2.0 Scope**

The departmental funding mechanism used for the implementation of capital programs on Indian reserves depends on the size, value and complexity of projects. The available mechanisms are contribution arrangements, flexible transfer payments, and alternative funding arrangements. In all cases the department must ensure that an appropriate level of ministerial accountability is maintained. This directive applies to contribution arrangements only.

**3.0 Reference**

3.1 As stated in the Departmental Directive on the Delivery of Technical Services, dated February 28, 1990, it is the policy of the department to transfer the responsibility for managing and implementing capital programs to First Nations and to promote the delivery of technical services by First Nations on Indian reserves.

**4.0 Issuing Authority**

4.1 This directive is issued under the authority of the Assistant Deputy Minister of Intergovernmental Affairs.

**5.0 Definitions**

5.1 *Asset Condition Reporting System (ACRS)*: is a system module of the Capital Asset Inventory System (CAIS). The information contained in ACRS includes an assessment of the condition of on-reserve, O&M funded assets. The system also provides information and cost estimates for repair and reconstruction needs, and an estimate of the remaining life of the asset.

5.2 *Capital Asset Inventory System (CAIS)*: is a computerized system designed to accept, aggregate and report base level information on on-reserve capital assets as well as provide a summary of this information to headquarters, regions, districts, First Nations and Tribal Council Technical Units. The information in CAIS is also used for calculating the annual O&M gross and net funding requirements for the community infrastructure capital assets.

5.3 *Capital Project Evaluation*: A systematic review of the manner in which activities satisfy the defined objectives of a project, including the identification of variances and their effects, together with recommendations designed to improve future implementation.

5.4 *Contribution Arrangement (CA)*: A formal agreement between the department and a recipient First Nation or Tribal Council describing the obligations of both parties and outlining the terms and conditions under which payments will be made.

5.5 *Environmental Assessment and Review Process (EARP)*: is used to implement the legal requirements of the EARP Guidelines Order. EARP is to be used early in planning before irrevocable decisions or actions are taken.

5.6 *Project*: an approved package of activities specifically dedicated to fulfilling a program requirement, with a prescribed time period and defined objectives, including performance, quality, scope and cost.

## **6.0 Policy Statements**

6.1 As the post project evaluation is a fundamental stage of the capital project delivery process, the department encourages First Nations to carry out their own evaluations to determine the level of satisfaction with the completed work, to assure compliance with health, safety and environmental requirements, to confirm if First Nations have received appropriate value for money, to identify particular deficiencies or successes and to benefit from lessons learned for future undertakings.

6.2 The basic principles inherent in the departmental process are:

(a) First Nations are responsible for delivery of capital programs/projects and are accountable to their membership.

(b) The discharge of the First Nations' accountability throughout, and subsequent to, the project delivery process, should serve to satisfy the department's requirements (i.e. program priorities and funding criteria).

(c) The First Nations' responsibilities with respect to (b) should be clearly stated in any funding arrangement with achievable and measurable terms and conditions, based on performance indicators, which allow for an arm's length management of the project through the appropriate funding arrangement.

(d) As a minimum requirement, First Nations must provide a properly authorized **completion report** for every funded project, with an adequate level of detail relative to the size of the project, and necessary data to update the Capital Asset Inventory System (CAIS).

(e) The department will reserve the option to carry out project inspections to be carried out in extraordinary situations.

6.3 In general, the department's evaluation of a project will be carried out at arm's length by reviewing files to ensure:

(a) the departmental approval of project proposals adhered to community plans and technical requirements;

(b) option analysis completed with best viable option chosen;

(c) EARP requirements satisfied;

(d) appropriate design;

(e) project adequately described with appropriate estimates of cost and schedule;

(f) Contribution Arrangements can be easily monitored at arms length, with consequences for failure to comply with Terms and Conditions and provision for departmental intervention, if required under unusual circumstances;

(g) appropriate technical and financial management regime in place, including appropriate contracting practices;

(h) cash advances at reasonable intervals based on need and verified by progress reports which correspond to cash flow requirements;

(i) the completion report on file which will include certification by a qualified professional that codes and standards were met, CAIS updated and with assessment of performance of facility and user satisfaction; and

(j) an ACRS report scheduled for completion within five years.

## **7.0 Results Statements**

7.1 The file review should identify any deficiencies in the process and weaknesses which could be addressed in training programs.

7.2 An enhanced data bank and exchange of information through workshops would allow First Nations from different areas to share in and benefit from the experience of others. DIAND could provide assistance in facilitating these workshops.

## **8.0 Responsibilities**

8.1 The Regional Director General shall ensure that an evaluation of all capital projects under a Contribution Arrangement is undertaken according to this directive.

## **9.0 Enquiries**

9.1 Matters relating to the interpretation of this directive are to be referred to the Director, Capital and Housing Directorate, Program Policy Branch at DIAND headquarters.

9.2 A copy of a completion report format is available from the Director, Capital and Housing Directorate, Program Policy Branch at DIAND headquarters.

9.3 All requests for additional copies of this directive shall be addressed to the Manuals and Systems Unit, Corporate Services Directorate.