



Supply Manual



VERSION 10-1

January 11, 2010

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**Acquisition Policy and Process Directorate
Public Works and Government Services Canada**

Supply Manual

Chapter 1

Public Procurement

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Chapter 1 - Public Procurement

1.1 Overview

(2010-01-11)

- (a) The mandate of Public Works and Government Services Canada (PWGSC) is to provide services to all Canadian federal departments, and is summarized in section 5 of the [Department of Public Works and Government Services Act](#). This section stipulates that:

“The Department shall operate as a common service agency for the Government of Canada, and its activities as a common service agency shall be directed mainly toward providing the departments, boards and agencies of the Government of Canada with services in support of their programs.”

- (b) The role of PWGSC as a common service provider of both mandatory and optional acquisition services is further elaborated in the Treasury Board (TB) [Common Services Policy](#).
- (c) Public procurement by Canada is legislated and guided by a number of international and national trade agreements, and acts, as well as policies, directives, and guidelines provided by TB, the Treasury Board Secretariat (TBS) and PWGSC. Certain departments such as Indian and Northern Affairs Canada and Industry Canada are responsible for programs that have a direct impact on procurement. In addition to the above, and the content in this *Supply Manual*, contracting officers must also be cognisant of policy notifications, relevant communiqués and internal operating procedures.

1.5 Supply Manual

(2010-01-11)

- (a) The *Supply Manual* describes the acquisitions related activities of PWGSC. It references laws, regulations, government and departmental policies, directives, and procedures that have an impact on contracting and procurement activities of the Acquisitions Branch.
- (b) Contracting officers should be aware that this manual and the contracting policies referenced may be read by and referred to by a number of parties interested in procurement activities such as clients, suppliers, the general public, and the media.
- (c) Canadian government procurement is carried out in a decentralized manner. Individual departments award contracts within their own authorities for services, and within certain authorities for goods and construction delegated by the Minister of PWGSC. They make a considerable number of lower dollar value purchases through the use of these authorities, as well as purchases through their authorized use of standing offers put in place by PWGSC.
- (d) The *Supply Manual* is to be read in conjunction with other government policies and directives, in particular, those released by TB and TBS. Acquisition policies are regularly updated by PWGSC [Policy Notifications](#) as well as by TB [Contracting Policy Notices](#). The [Standard Acquisition Clauses and Conditions](#) (SACC) Manual must be read as a complementary document to the *Supply Manual*. Policy notifications take precedence over the contents of these two manuals.

1.5.1 Organization of the Manual

(2010-01-11)

The Manual generally follows the sequence of a typical procurement process. The structure is as follows:

- (a) **Chapter 1**, Public Procurement, provides an overview of the context and the legal framework

relating to public procurement for the acquisition of goods or services, including construction.

- (b) **Chapter 2**, Defining the Requirement and Requisition Receipt, is about defining the requirement for the bid solicitation. While this is often the responsibility of the client department, PWGSC involvement is still important.
- (c) **Chapter 3**, Procurement Strategy, describes what the procurement strategy is. This determines how the request will be satisfied.
- (d) **Chapter 4**, Solicitation Process, outlines the actual bid solicitation preparation and process. Most of the various methods of solicitation and items that need to be included in the bid solicitation are found in this chapter.
- (e) **Chapter 5**, Evaluation and Selecting the Contractor, explains how to evaluate and select the contractor based on the solicitations.
- (f) **Chapter 6**, Approvals and Authorities, provides the details of the approvals that need to be obtained before awarding a contract.
- (g) **Chapter 7**, Award of Contracts and Issuance of Standing Offers and Supply Arrangements, relates to the award of contracts, issuance of standing offers and supply arrangements, debriefings, notification to unsuccessful bidders, and other matters surrounding contract award and the issuance of standing offers and supply arrangements.
- (h) **Chapter 8**, Contract Management, offers a quantity of information regarding contract management during the contract. Non-exhaustive examples of this information are contract performance, progress payments, subcontracting, warranty work, disputes and terminations.
- (i) **Chapter 9**, Special Procurements, details procurements where PWGSC has implemented special procedures applicable to identified commodities, clients or projects.
- (j) **Chapter 10**, Cost and Profit, is generally used when a contract is to be awarded on a non-competitive basis for non-commercial goods or services, or in the case of a competitive process for such goods or services, only one compliant bid is received, so price negotiations with this bidder may be required.
- (k) The **Glossary** includes words, concepts, titles, etc., used throughout the Manual.

1.5.5 Supply Manual Format

(2010-01-11)

- (a) Each chapter refers to particular subjects by heading, and subsequent sub-heading numbers. Each chapter also commences with a Table of Contents and concludes with annexes specific to that chapter.
- (b) Subjects are numbered as they appear in the chapters, i.e. 1.5.5 appears in Chapter 1 and 8.65.5 would appear in Chapter 8.
- (c) Section and subsection numbering includes gaps to provide for future additions to the *Supply Manual*.

1.10 PWGSC Procurement Process

(2010-01-11)

There is one over-arching principle for all PWGSC procurement activities: Integrity. Subordinate to this are guiding principles, which provide the framework for PWGSC procurement process. Contracting

officers must always respect these principles, regardless of whether or not the actions are clearly set out in this manual.

1.10.1 Integrity
(2010-01-11)

PWGSC procurement processes will be open, fair and honest.

1.10.5 Guiding Principles
(2010-01-11)

All those involved in the procurement process must apply prudence, probity and transparency at each stage of the process.

(a) **Client Service**

PWGSC will make every reasonable effort to satisfy the operational requirements of its clients, while obtaining the best value in each procurement process.

(b) **National Objectives**

PWGSC procurement activities will advance established government policies, within the limits imposed by international trade obligations.

(c) **Competition**

PWGSC procurement will be competitive, with specific exceptions.

(d) **Equal Treatment**

PWGSC will ensure that all potential bidders of a particular requirement are subject to the same conditions.

(e) **Accountability**

PWGSC is accountable for the integrity of the contracting process. Clients are responsible to ensure that all information relating to their requirements, which is provided to PWGSC, is complete and accurate. (See [Annex 1.1.](#))

1.10.10 Procurement Best Practices
(2010-01-11)

(a) **Ensure Integrity**

Contracting officers must ensure the integrity of the procurement process. If there is any doubt that what is being done (or asked by the client to be done) might bring the integrity of the process into question, the contracting officer should consider suspending the procurement process until the issue is resolved. Issues that cannot be resolved satisfactorily at the contracting officer level must be referred to a higher authority within PWGSC.

(b) **Get Involved Early**

The procurement process can be facilitated by advance work being done with clients. This includes helping with needs identification and requirement definition, procurement strategy development, and drafting of solicitation documents before a requisition is actually received. This can be accomplished through ongoing liaison with the client or a review of procurement patterns.

These methods can be initiated by a client request for assistance, or by a more formal process of regular consultation.

(c) **Consult with Peers**

Contracting officers should consult with colleagues, particularly when working with an unfamiliar situation, such as a new commodity. Their experience and advice may help to arrive at a sound decision. Referring to previous files can also be instructive, particularly for estimating things like business volume under a new contract where there is a current contract covering substantially the same activities.

(d) **Liaise with the Client**

The contracting officer should keep clients informed and involved, and in order to develop responsive, creative and flexible procurement strategies, their departmental needs must be understood, as well as their specific technical requirement. When consulting the client, make the purpose plain, so that if there is a problem with a proposed approach a solution that achieves the purpose can be developed. The contracting officer must work with the client towards their operational objectives.

(e) **Use Specialists**

The contracting officer should seek advice from the following specialists: Legal Services, policy advisors, Access to Information and Privacy officers, quality control officers, cost analysts and risk management advisors. Specialists are available to provide guidance and recommendations in their areas of expertise.

(f) **Communicate Effectively**

Contracting officers should be very clear in communications. Written instructions accompanying each bid solicitation, for example, should be clear with no ambiguity, and be easily understood by all parties.

(g) **Maintain Confidentiality**

The contracting officer must treat all information of a confidential or personal nature, including bid information, in a secure and confidential manner. This ensures the integrity of the contracting process, and protects the interests of suppliers and clients.

(h) **Obtain Confirmation**

The contracting officer should obtain written confirmation of significant information, agreements and discussions, such as confirmation of an unusually low price, or extension of a bid validity period by the bidder.

(i) **Select the Appropriate Contracting Method**

(i) Depending on which commodity is being procured, the appropriate contracting method may be a standing offer, a supply arrangement, a government-wide or multi-departmental contract, or a normal contract. See [3.15](#) for details on the usage of the different methods.

(ii) Some commodities are available via mandatory standing offers, and these must be used unless there is a valid reason to deviate.

(j) **Commodity Knowledge**

Contracting officers should develop their understanding of their commodity's industry, the market conditions, and the pertinent factors of each commodity, which then affect the choices made by contracting officers in determining, for example, such things as the basis of payment and the selection methodology. Clients should also use their understanding of the commodity when defining their technical requirements and scope.

Contracting officers should also keep themselves informed about such things as the proposed contractor's performance history, financial situation and practices, before recommending a contract award. It also means keeping up to date with a contractor during the performance of a contract.

(k) **Life Cycle Management of Assets**

Life Cycle Management of Assets is an integrated approach to materiel management that looks at the process as a complete system rather than separate activities. While this process is primarily the responsibility of materiel managers within client departments, procurement and disposal are a part of this process so contracting officers should discuss with the client the implications of the life cycle management process for each procurement.

(l) **Maintain Records**

Contracting officers should keep files up to date for reasons of good management, access to information requests as well as for audit purposes. Current files should be kept up to date for anyone who may have to consult the file or assume responsibility for it at a later date. See [Annex 8.1](#) for further details.

(m) **Use Standard Documents**

Contracting officers should use only the templates available on the [Departmental Standard Procurement Documents](#) Web site in the procurement process (see 4.15.1.) Contracting officers should obtain from their supervisor the most current standard documents within their respective areas that have been developed in accordance with these templates. Directorates needing assistance in developing documents based on these templates should contact the Procurement Process Tools Division of the Policy, Risk, Integrity and Strategic Management Sector.

1.15 The Legal Framework of Contracting

(2010-01-11)

The legal framework is comprised of:

- (a) statutes and regulations;
- (b) agreements;
- (c) policies, directives, procedures and guidelines; and,
- (d) challenge process.

They are described in [1.20](#) to [1.35](#).

1.20 Statutes and Regulations

(2010-01-11)

- (a) PWGSC procurement activities are principally carried out pursuant to the following major statutes:
 - (i) Department of Public Works and Government Services Act;
 - (ii) Financial Administration Act and the *Government Contracts Regulations*;
 - (iii) Defence Production Act;

- (iv) Federal Accountability Act;
 - (v) Government Contracts Regulations.
- (b) No legal interpretation should be attempted on the basis of the following highlights. An electronic copy of the acts may be viewed on the [Department of Justice](#) Web site.

1.20.1 Department of Public Works and Government Services Act

(2010-01-11)

- (a) The [Department of Public Works and Government Services Act](#) came into force on July 12, 1996, to give legislative sanction to the amalgamation of the former department of Public Works and the former Department of Supply and Services together with the Translation Bureau and the Telecommunication Services for government. The legal name of the Department is “Department of Public Works and Government Services”; while “Public Works and Government Services Canada” or “PWGSC” is the common usage name. The legal name of the Department must be used for the preparation and execution of legal documents.
- (b) The Act:
- (i) constitutes the Department;
 - (ii) provides for the appointment of a minister who has the management and direction of the Department;
 - (iii) provides for the appointment of a deputy minister as deputy head of the Department;
 - (iv) provides that the Minister is the Receiver General for Canada and the Deputy Minister is the Deputy Receiver General;
 - (v) sets out the powers, duties and functions of the Minister which extends to and includes all matters over which Parliament has jurisdiction, not by law assigned to any other department, board or agency of the Government of Canada.
- (c) Sections 6 and 7 outline in detail the powers, duties and functions of the Minister. With respect to acquisitions, the following services are specifically identified in Section 6:
- (i) acquisition and provision of articles, supplies, machinery, equipment and other materiel for departments;
 - (ii) acquisition and provision of services for departments;
 - (iii) planning and organizing of the provision of materiel and services required by departments;
 - (iv) acquisition and provision of printing and publishing services for departments; and
 - (v) construction, maintenance and repair of public works, federal real property and federal immovable.
- (d) Section 8 allows the Minister to delegate any of the Minister's powers, duties or functions under the Act to an appropriate minister, within the meaning of the *Financial Administration Act*, for any period and under any terms and conditions that the Minister considers suitable. Section 8 also provides the Minister of PWGSC with the power to authorize other Ministers, to whom he or she has delegated powers under the Act, to sub delegate those powers to the “chief executive” of the relevant department. Subsection 8(3) empowers a minister receiving the authority to sub-delegate to the officials who are in charge of the departments in that minister's portfolio and subsection 8(4) empowers those officials in turn, to sub-delegate to departmental officials under their jurisdiction.
- (e) Section 9 gives the Minister the exclusive authority for the acquisition of goods. All ministers have inherent power to contract; however, the authority given to the Minister in section 9 supplants the authority of each department to contract for goods. That authority may be restored to the extent determined by the Minister of PWGSC through a delegation, in accordance with section 8, from the Minister of PWGSC to the Minister responsible. Departments may enter into

contracts for services under their own authorities, up to the limits contained in Appendix C - [Treasury Board Contracts Directive](#); however, they may still choose to have these contracts for services done by PWGSC.

- (f) Section 16 empowers the “Minister to do anything for or on behalf of:
- (a) any department, board or agency of the Government of Canada or Crown Corporation, or
 - (b) with the approval of the Governor in Council, any government, body or person in Canada or elsewhere that requests the Minister to do that thing,

where the Minister is authorized to do that thing under this or any other Act of Parliament for or on behalf of any department, board or agency of the Government of Canada.”

- (g) Sections 20 and 21 provide the necessary contracting powers of the Minister, including the power to fix terms and conditions of contracts, and instructions, terms and conditions with respect to other documents relating to contracts and their formation. Section 22 gives the Minister the power to incorporate contractual clauses by reference.

1.20.5 Financial Administration Act and the Government Contracts Regulations

(2010-01-11)

- (a) The [Financial Administration Act](#) provides the legal framework for the collection and expenditure of public funds, including the contracting practices of PWGSC and its clients. Sections 32, 33, 34, 37, 40 and 41 are of direct interest to contracting officers.
- (b) Section 32 provides that no contract providing for a payment can be entered into unless there is sufficient funding available to discharge any debt that under the contract will be incurred during the fiscal year in which the contract is entered into. Section 33 requires that no charge can be made against an appropriation except on the requisition of the appropriate Minister of the department for which the appropriation was made or of a person authorized in writing by that Minister.
- (c) Pursuant to section 34, no payment can be made unless the deputy of the appropriate Minister, or another person authorized by the Minister certifies, in the case of a payment for the performance of work, the supply of goods or the rendering of services, that the work has been performed, the goods supplied or the service rendered and that the price charged is in accordance with the contract, or if not specified in the contract, is reasonable. Under [1.20\(a\) \(ii\)](#), payment may be made before completion of the work (i.e. advance or progress payment) but only if such payment is in accordance with the contract.
- (d) Sections 37 and 37.1 provide that any unexpended portion of an appropriation lapses at the end of the fiscal year, except that a debt incurred for work performed, goods received or services rendered before the end of the fiscal year must be recorded as an expenditure against the appropriation, even though payment is made during the following fiscal year.
- (e) Section 40 provides that it is a term of every contract providing for the payment of any money by Her Majesty under that contract is subject to there being an appropriation for the particular service for the fiscal year in which any commitment under that contract would come in course of payment.
- (f) Section 41 provides for regulations with respect to the conditions under which contracts may be entered into.
- (g) Sections 61 and 62 restrict the transfer, lease or loan of public property and require each department to maintain adequate records of its public property. However, pursuant to the *Public Property Loan Regulations*, (SOR/92-745), section 61 permits ministers to loan public property,

subject to certain conditions.

- (h) Sections 66 to 71 describe conditions under which Crown debts may be assigned, and the procedure to follow.
- (i) Contracting officers should be familiar with the [Government Contracts Regulations](#) (GCR). Part I of the GCRs deals with conditions of contract entry. Section 4 provides that contracts for legal services are only entered into by the Minister of Justice. Section 5 sets out the requirement for soliciting bids and section 6 specifies conditions under which bids need not be solicited. Section 8 and 9 authorize advance payments and progress payments. Part II deals with bid and contract security.

1.20.10 Defence Production Act

(2010-01-11)

- (a) The [Defence Production Act](#) (DPA) gives the Minister of PWGSC the responsibility to administer the DPA and the exclusive authority to buy or otherwise acquire defence supplies and construct defence projects required by the Department of National Defence, subject to exceptions listed at subsection 10(2) of the DPA. All PWGSC contracts for defence supplies or projects are governed by the provisions of the DPA.
- (b) The DPA includes the following three parts: (1) Procurement of Defence Supplies; (2) Regulations of Access to Controlled Goods; and (3) Offence and Punishment.
- (c) In Part 1, section 11 permits the Minister, if authorized by the Governor in Council, to do or undertake, on behalf of an associated government, any act or thing that the Minister is empowered to do or undertake under the Act. Sections 12 to 15 deal with the Minister's mandate to organize and control the Canadian defence industry. Section 16 provides wide powers to the Minister with respect to the procurement, production or disposal of defence supplies or defence projects. Sections 21 to 25 deal with the administration of defence contracts.
- (d) Part 2 deals with the regulation of access to controlled goods, including requirements for registration, offences and prohibitions. Part 3 defines offences, continuing offence and factors to consider when sentencing.

1.20.15 Federal Accountability Act

(2010-01-11)

- (a) The [Federal Accountability Act](#) (Fed AA) was granted Royal Assent on December 12, 2006. The Act provides for conflict of interest rules, measures respecting administrative transparency, oversight and accountability. The Act enacts two new acts (the *Conflict of Interest Act* and the *Director of Public Prosecutions Act*) and makes a series of amendments to existing legislation such as the *Parliament of Canada Act*, the *Lobbyists Registration Act*, the *Financial Administration Act*, the Criminal Code and the *Department of Public Works and Government Services Act*.
- (b) The Fed AA also amends the *Department of Public Works and Government Services Act* to provide for the appointment and mandate of a Procurement Ombudsman. See [1.35.5](#) for more details.

1.20.20 Other Acts

(2010-01-11)

In addition to the above statutes, examples of other acts which also apply to contracting for goods and services are as follows:

- (a) Conflict of Interest Act;
- (b) Access to Information Act;
- (c) Privacy Act;
- (d) Official Languages Act;
- (e) Lobbying Act;
- (f) Criminal Code;
- (g) Competition Act;
- (h) Department of Justice Act;
- (i) Bankruptcy Act.

1.25 Agreements

1.25.1 International and National Trade Agreements

(2010-01-11)

- (a) Canada is a signatory to two international trade treaties aimed at reducing trade barriers between the signatories: the [North American Free Trade Agreement](#) (NAFTA) and the [World Trade Organization Agreement on Government Procurement](#) (WTO-AGP). Canada has also signed the Canada-Chile Free Trade Agreement (CCFTA) and the Canada-Peru Free Trade Agreement (CPFTA). As well, Canada has signed the Agreement on Internal Trade (AIT) with the provinces and territories.
- (b) Some trade agreements have the added force of law as they have been enshrined in legislation (the *North American Free Trade Agreement Implementation Act*, the *World Trade Organization Agreement Implementation Act*, the *Agreement on Internal Trade Implementation Act*).
- (c) The procurement provisions of all trade agreements are similarly structured in that if a proposed contract meets certain criteria it is covered by the agreement; if it does not meet all the stated criteria then it is not covered. A proposed contract can be, and often is, covered by more than one agreement.

(d) Coverage Under Multiple Agreements

For all trade agreements, PWGSC is required to comply with specific procedures when completing certain procurements. Therefore a decision must be made as to whether or not the requisition is subject to a particular agreement, or a combination of agreements. To determine coverage under the various trade agreements, the estimated procurement value (including the estimated amount of the Goods and Services Tax or the Harmonized Sales Tax), the client, the type of good or service or construction, and any exceptions or exclusions must be reviewed. Contracting officers should note that when the procurement is covered by more than one agreement, all agreements must be complied with at the same time. In order to accomplish this, the procedures to be followed are the procedures that are considered the most rigorous. For example, for limited tendering reasons, procurement covered by NAFTA, WTO-AGP and AIT, only the limited tendering reasons that are common to all three agreements are available as options.

- (e) For assistance with the application of the trade agreements, contracting officers may contact Trade Agreements Strategy of the Policy, Risk, Integrity and Strategic Management Sector, either by telephone at 819-956-6411, or by e-mail at: christine.cowan@tpsgc-pwgsc.gc.ca.

1.25.5 NAFTA

(2010-01-11)

- (a) The [North American Free Trade Agreement Implementation Act](#) sets out Canada's commitment to reduce trade barriers between Canada, the United States of America and the Federal Republic

of Mexico. [Chapter 10](#) of the Agreement focuses on achieving greater competition for, and transparency in, government procurement, eliminating the protection of domestic products or suppliers or discrimination among foreign products or suppliers. The “National Treatment” clause and the “Non-discrimination” clause are similar as those found in the WTO-AGP.

- (b) The use of measures to improve socioeconomic development (offsets) for procurements covered by NAFTA is prohibited. See [Article 1006](#). Note that set asides for small and minority business are exempt as described in (e)(iv) below.
- (c) To determine whether NAFTA is applicable, the agreement (Chapter 10) must be consulted. In the following sections on determining NAFTA coverage, all references to an “Annex” are to the annexes of Chapter 10 of NAFTA.
- (d) For purposes of determining coverage, a requisition is considered to be one for:
 - (i) goods;
 - (ii) services; or
 - (iii) construction services;

based on the one that represents more than 50 percent of the estimated value of the requisition.

- (e) To determine if a procurement is subject to NAFTA, refer to the following:
 - (i) Determine the value of the requisition. See [Article 1001](#) and [Article 1002](#), and [Annex 1001.2c of NAFTA](#). The thresholds in NAFTA are presented in U.S. dollars. The values in Canadian dollars are based upon conversion factors, as agreed upon in the Agreement, and may be revised every two years. They are published in a Treasury Board [Contracting Policy Notice 2007-05](#). The conversions below are in effect until December 31, 2011.

A procurement may be subject to NAFTA if the requisition value, in Canadian dollars, is as follows:

- (A) for goods being procured by departments and agencies (including some Commissions and Boards): \$27,300. See subparagraph 1001(1)(c)(i);
 - (B) for services being procured by departments and agencies: \$76,600. See subparagraph 1001(1)(c)(i);
 - (C) for goods or services being procured by federal government enterprises (usually Crown corporations): \$383,300. See subparagraph 1001(1)(c)(ii);
 - (D) for construction services being procured by departments and agencies: \$9,900,000. See subparagraph 1001(1)(c)(i);
 - (E) for construction services being procured by federal government enterprises: \$12,200,000. See subparagraph 1001(1)(c)(ii).
- (ii) Determine the coverage by client. See [Annex 1001.1a-1](#) and [Annex 1001.1a-2](#).
 - (iii) Determine the coverage by type of requirement:
 - (A) goods – See [Annex 1001.1b-1](#); or
 - (B) services – See [Annex 1001.1b-2](#); or
 - (C) construction services – See [Annex 1001.1b-3](#).

- (iv) Determine if an exception should be invoked for the requirement or if the requirement is excluded from the agreement. See [Article 1018](#) and [Annex 1001.2b](#). An example of this is **set-asides**. Article 1.(d) of [Annex 1001.2b](#) provides for set-asides for small and minority businesses. Therefore, procurements that are set-aside (i.e. reserved) for either CLCA beneficiaries, or for aboriginal businesses under the Procurement Strategy for Aboriginal Business (PSAB), are exempt from NAFTA. For more information on when procurements can be reserved for CLCA beneficiaries, see [9.35](#). For more information on PSAB, see [9.40](#).

1.25.10 WTO-AGP
(2010-01-11)

- (a) The [World Trade Organization Agreement on Government Procurement](#) (WTO-AGP) is an agreement, which aims to secure greater international competition for government procurement. It provides procurement procedures, which Canada abided to.
- (b) The Agreement also contains provisions of national treatment and non-discrimination that Canada must respect (Article III). National treatment means, that "...each Party shall provide immediately and unconditionally to the products, services and suppliers of other Parties offering products or services of the Parties, treatment no less favourable than:
 - “(i) that accorded to domestic products, services and suppliers; and
 - (ii) that accorded to products, services and suppliers of any other Party.”
- (c) Non-discrimination means that "...each Party shall ensure:
 - “(i) that its entities shall not treat a locally-established supplier less favourably than another locally-established supplier on the basis of degree of foreign affiliation or ownership; and
 - (ii) that its entities shall not discriminate against locally-established suppliers on the basis of the country of production of the good or service being supplied, provided that the country of production is a Party to the Agreement in accordance with the provisions of Article IV.”
- (d) The use of measures to improve socioeconomic development (offsets) for procurements covered by WTO-AGP is generally prohibited. See [Article XVI](#).
- (e) To fully determine whether the WTO-AGP is applicable, the Agreement must be consulted. In the following Sections on determining WTO-AGP coverage, all references to an “Annex” are to the annexes to the WTO-AGP.
- (f) Each Party to the WTO-AGP has an Appendix, which includes five Annexes defining the coverage of that Party’s obligations.
- (g) A procurement is covered by the WTO-AGP if:
 - (i) its value is equal to or greater than the relevant threshold;
 - (ii) if the type of requirement (e.g. plumbing supplies) is covered;
 - (iii) if the entity for which the procurement is being done is covered, and
 - (iv) if there is no specific exception applicable (e.g. shipbuilding) or invoked (e.g. national security). All four criteria must be met in order for the procurement to be covered by the WTO-AGP. See below for how to determine if these criteria are met.

- (h) To determine if a procurement is subject to the WTO-AGP, refer to the following:
- (i) Determine the value of the requisition. See [Article I](#); [Article II](#), and Appendix I, [Annex 1 of WTO-AGP](#). The thresholds in the WTO-AGP are presented in the Special Drawing Rights, the unit of account of the International Monetary Fund. The threshold is converted to Canadian dollars and published in a Treasury Board Contracting Policy Notice, which is reviewed every two years.

A procurement may be subject to WTO-AGP if the requisition value in Canadian dollars (including taxes) is as follows for the period January 1, 2010, to December 31, 2011:

 - (A) For goods and services being procured by a federal government entity, including departments, and some Commissions and Boards: \$221,300. See Appendix I, [Annex 1](#); and
 - (B) For construction for federal government entities: \$8,500,000. See Appendix I, [Annex 1](#).
 - (ii) Determine whether the client department is covered by determining if they are listed in Canada's [Annex 1](#).
 - (iii) Determine the coverage by the client. See Appendix I, [Annex 1](#).
 - (iv) Determine the coverage by type of requirement:
 - (A) goods – See Appendix I, [Annex 1](#), or
 - (B) services – See Appendix I, [Annex 1](#) and [Annex 4](#). The WTO-AGP identifies services coverage, according to the United Nations Central Product Classification system of classification. The conversion to PWGSC's classification system is provided in Annex 4.1. Only services listed are covered.
 - (C) construction services – See Appendix 1, [Annex 1](#) and [Annex 5](#).
 - (v) Determine if an exception should be invoked for the requirement or if the requirement is excluded from the agreement. See [Article XXIII](#) and [Appendix I](#). An example of this is **set-asides**. Article 1.(d) of Canada's General Notes in Annex 5, provides for set-asides for small and minority businesses. Therefore, procurements that are set-aside (i.e. reserved) for either CLCA beneficiaries, or for aboriginal businesses under the Procurement Strategy for Aboriginal Business (PSAB), are exempt from WTO-AGP. For more information on when procurements can be reserved for CLCA beneficiaries, see [9.35](#). For more information on PSAB, see [9.40](#).

1.25.15 AIT
(2010-01-11)

- (a) The Agreement on Internal Trade (AIT) is a comprehensive agreement on Canadian internal trade in recognition of the need to reduce barriers to trade within Canada.
- (b) [Chapter 5](#) of the AIT, Procurement, is intended to "establish a framework that will ensure equal access to procurement for all Canadian suppliers in order to contribute to a reduction in purchasing costs and the development of a strong economy, in a context of transparency and efficiency".
- (c) In the following sections on determining AIT coverage, all references to an "Annex" are to the annexes to Chapter Five, Procurement, of the AIT.

- (d) If all of the following AIT criteria are met, the procurement is subject to AIT:
- (i) Determine the value of the requisition. A procurement may be subject to AIT if the requisition value is:
 - (A) \$25,000 or greater, in cases where the largest portion of the procurement is for goods;
 - (B) \$100,000 or greater, in cases where the largest portion of the procurement is for services, except those services excluded by [Annex 502.1B](#); or
 - (C) \$100,000 or greater, in the case of construction.
 - (ii) Determine the coverage by client. Entities listed in [Annex 502.1A](#), are subject to the AIT procurement procedures. Entities listed in [Annex 502.2A](#) are excluded from Chapter Five of the AIT.
 - (iii) Determine the coverage by the type of requirement:
 - (A) all requirements for the purchase, lease or rental of goods are covered;
 - (B) all services are covered except for those listed in [Annex 502.1B](#); and
 - (C) all construction procurement is covered.
 - (iv) Determine if an exception should be invoked for the requirement or if the requirement is excluded from the agreement. See [Article 507](#); [Article 1802](#); [Article 1803](#); and [Article 1804](#).
- (e) A procurement, which is subject to a CLCA or to the PSAB, may also be subject to the AIT. Based on [Article 1802](#) of the AIT, PSAB procedures, and contracting obligations contained in the CLCAs that appear inconsistent with the AIT may be applied to the procurement regardless of the apparent conflict. Essentially, the AIT considers any measures relating to aboriginal peoples to be consistent with the agreement.

1.25.16 Bilateral Free Trade Agreements

(2010-01-11)

- (a) It is a government priority to expand Canada's trade by negotiating a number of bilateral trade agreements in the coming years. The [Canada-Chile Free Trade Agreement](#) (CCFTA) Part Three bis - Government Procurement portion came into effect on September 5, 2008. The [Canada-Peru Free Trade Agreement](#) (CPFTA) came into effect on July 1, 2009. Chapter 14 of the CPFTA covers procurement.
- (b) Neither the CCFTA nor the CPFTA have any reporting requirements.
- (c) In the text of the *Supply Manual*, we have generally referred only to NAFTA and the WTO-AGP. This is because the procedural requirements of the other international trade agreements will be fulfilled if we comply with the procedural requirements of NAFTA and the WTO-AGP.

1.25.20 Comprehensive Land Claims Agreements

(2010-01-11)

- (a) The federal government, represented by the Department of Indian and Northern Affairs, has negotiated a number of Comprehensive Land Claims Agreements (CLCAs) with Aboriginal peoples. CLCAs are modern treaties that are based on the concept of continued Aboriginal rights and title to lands traditionally used and occupied by an Aboriginal group, which have not been dealt with by treaty or other legal means. There are currently 22 CLCAs in effect, with more expected in the future.

- (b) The CLCAs are law. The CLCA obligations are legally binding because they are contained in agreements signed by the Crown and backed by legislation. They have also been granted quasi-constitutional status by virtue of [Section 35](#) of the *Constitution Act* (1982).
- (c) The CLCAs contain specific legal obligations on the part of the government requiring it to take measures that are spelled out in each agreement. Most CLCAs include measures dealing with procurement, and although the procurement measures are not always identical in the various agreements, they are all aimed at increasing the opportunities of the aboriginal group signing the agreement to compete successfully for contracts in their settlement areas.
- (d) The procurement obligations of a specific CLCA apply to the portion of the procurement that involves deliveries of goods and/or services to the settlement area of that CLCA.
- (e) Any contracting officer who receives a requisition with deliveries to a location that is subject to a CLCA must read [9.35](#) for information on the CLCA obligations that have to be addressed during the procurement process.

1.25.25 Other Agreements

(2010-01-11)

Contracting officers should also be aware that a number of National Park Agreements and Department of National Defence Co-operation Agreements have been signed between individual departments and certain aboriginal groups. Reference to these agreements can be found in sections 7 to 10 of [Treasury Board Secretariat Contracting Policy Notice 1997-8](#).

1.30 Policies, Directives and Guidelines

1.30.1 Treasury Board

(2010-01-11)

- (a) The Treasury Board (TB) is a Cabinet committee of the Queen's Privy Council of Canada. TB is responsible for accountability and ethics, financial, personnel and administrative management, comptrollership, approving regulations and most orders-in-council.
- (b) As the administrative arm of TB, the Treasury Board of Canada Secretariat (TBS) has a dual mandate to support TB as a committee of ministers and to fulfill the statutory responsibilities of a central government agency. TBS provides advice and support to TB ministers in their role of ensuring value-for-money and provides oversight of the financial management functions in departments and agencies. TBS makes recommendations and provides advice to the TB on policies, directives, regulations, and program expenditure proposals with respect to the management of the government's resources.

1.30.5 Treasury Board Contracting Policy

(2010-01-11)

- (a) The Treasury Board Contracting Policy, established under s. 7(1) of the [Financial Administration Act](#) (FAA), sets out the policy objective for government contracting as being that to acquire goods and services and to carry out construction in a manner that enhances access, competition and fairness and results in best value or, if appropriate, the optimal balance of overall benefits to Canada and the Canadian people. It provides that:
 - (b) Government contracting must be conducted in a manner that will:
 - (i) Stand the test of public scrutiny in matters of prudence and honesty, facilitate access,

encourage competition and reflect fairness in the spending of public funds.

- (ii) Ensure the pre-eminence of operational requirements.
- (iii) Support long-term industrial and regional development and other appropriate national objectives, including aboriginal economic development.
- (iv) Comply with the government's obligations under NAFTA, WTO-AGP and AIT.

1.30.10 Treasury Board Common Services Policy
(2010-01-11)

The objective of the [Common Services Policy](#) is to ensure that departments and agencies can acquire responsive, cost-effective support for their program delivery. It further provides that client service organizations will offer services to client departments in a manner that is most supportive of timely, effective and economical delivery of programs to the public. PWGSC is identified both as a provider of mandatory common services under [Appendix E](#) of the policy, and of optional common services under [Appendix F](#) of the policy.

1.30.15 Treasury Board Contracts Directive
(2010-01-11)

The [TB Contracts Directive](#), issued pursuant to section 10 and paragraph 41(1)(a) of the FAA, sets basic contracting limits for contracting authorities, and provides specific contracting limits for specific ministers. The TB Contracts Directive sets out the limits above which departments must obtain TB approval. The application of the Directive to PWGSC is set out in [Chapter 6](#).

1.30.20 Treasury Board Procurement Review Policy
(2010-01-11)

The objective of the [Procurement Review Policy](#) is to enhance the use of procurement in support of industrial and regional development and other national objectives in a manner that is fully consistent with the government's approved procurement objectives, and with Canada's international commitments within the General Agreement on Tariffs and Trade, NAFTA or other trade rights and obligations. See [3.70](#) for further details.

1.30.25 Code of Conduct for Procurement
(2010-01-11)

- (a) The [Code of Conduct for Procurement](#) consolidates the government's existing legal, regulatory and policy requirements into a concise and transparent statement of the expectations that the government has of its employees and its suppliers. It ensures that public servants and suppliers are working from the same statement of expectations and commitments that clearly outline what is acceptable conduct when contracting with the government. The Code applies to all transactions covered by the Treasury Board Contracting Policy, and it requires that all those involved in government procurement abide by the legislation and policies outlined in the Code. It is a single point of reference to key responsibilities and obligations of public servants and suppliers.
- (b) All PWGSC standard instructions to bidders include the following clause:

"To comply with the *Code of Conduct for Procurement*, bidders must respond to bid solicitations in an honest, fair and comprehensive manner, accurately reflect their capacity to satisfy the requirements stipulated in the bid solicitation and resulting contract, submit bids and enter into contracts only if they will fulfill all obligations of the

contract. To ensure fairness, openness and transparency in the bidding process, the following activities are prohibited:

- (a) payment of a contingency fee by any party to a contract to a person to whom the [Lobbyists Act](#), R.S. 1985, c. 44 (4th Supplement) applies;
- (b) corruption and collusion in the bidding process for contracts for the provision of goods and services.

By submitting a bid, the Bidder certifies that it meets the above requirements.

Bidders further understand that the commission of certain offences may render them ineligible to be awarded a contract. By submitting a bid, the Bidder declares that it has never been convicted of an offence under Section 121 (*Frauds on the government and Contractor subscribing to election fund*), Section 124 (*Selling or Purchasing Office*), Section 380 (*Fraud committed against Her Majesty*) or Section 418 (*Selling defective stores to Her Majesty*) of the Criminal Code of Canada, or under paragraph 80(1)(d) (*False entry, certificate or return*) subsection 80(2) (*Fraud against Her Majesty*) or Section 154.01 (*Fraud against Her Majesty*) of the *Financial Administration Act*."

1.35 Challenge Process

1.35.1 Canadian International Trade Tribunal

(2010-01-11)

- (a) The international trade agreements require that each party have an independent bid challenge authority. The Canadian International Trade Tribunal (CITT) is the bid challenge authority for Canada for the North American Free Trade Agreement (NAFTA), World Trade Organization Agreement on Government Procurement (WTO-AGP) Canada-Chile Free Trade Agreement (CCFTA), Canada-Peru Free Trade Agreement (CPFTA) and Agreement on Internal Trade (AIT). A potential supplier may file a complaint concerning a procurement action to the CITT, on the grounds that any aspect of the procurement process relating to a requirement covered by these agreements is unfair or discriminatory.
- (b) CITT is authorized to receive complaints pertaining to any aspect of the procurement process up to and including contract award, and also to conduct inquiries and make determinations. In dealing with a complaint, CITT must determine whether the government institution responsible for the procurement under review has complied with the requirements of the trade agreements and such other procedural requirements, as prescribed in the *Canadian International Trade Tribunal Procurement Inquiry Regulations*.
- (c) Contracting officers may contact the PWGSC CITT expert advisor, either by telephone at 819-956-6411 or by facsimile at 819-956-1265 for assistance with respect to an actual or potential CITT action. Contracting officers should encourage suppliers to resolve issues directly with PWGSC before making a complaint to the CITT. Any matter brought to the attention of the contracting officer should be handled with a minimum of delay, while exercising due care and judgement. Experience demonstrates that there are often minor errors, omissions, or other inadvertent actions, which can quickly be clarified or corrected to the satisfaction of all concerned, thus removing the basis of many problems and concerns at the outset.
- (d) All PWGSC actions in response to a complaint filed with the CITT are coordinated through the PWGSC Acquisition Policy and Process Directorate (APPD). All requests, decisions, reports, letters, etc, to the CITT will be coordinated by APPD in consultation with Legal Services and the procurement organization. The procurement organization is responsible for preparing a chronology of events that will form the "backbone" of the Government Institution Report (GIR). Legal Services will produce the remaining sections, with input from the procurement organization,

other departmental specialists, and the client department, as required. The procurement organization's management remains responsible to review and approve the GIR, before the sign-off.

- (e) Contracting officers must ensure that complete documentation and records dealing with the complaint, including a dated record of all communications with suppliers, are maintained in order to substantiate that the procurement process was carried out in accordance with the obligations of the trade agreements. Throughout the complaint process, PWGSC will keep the client informed of actions taken in response to the complaint, as well as any notices, decisions, information, etc. received from the CITT.
- (f) The Assistant Deputy Minister, Acquisitions Branch, is the signing authority for requests for the rescission of Postponement of Award Orders.
- (g) Details about the CITT, including its complaint and inquiry process, are in the publication [Procurement Review Process – A Descriptive Guide](#). The CITT [Determinations](#) and [Notices of Motion and Orders](#) can also be viewed on the CITT Web site.

1.35.5 Procurement Ombudsman

(2010-01-11)

- (a) Sections 306 and 307 of the *Federal Accountability Act* (Fed AA) amend the *Department of Public Works and Government Services Act* to provide for the appointment and mandate of a procurement ombudsman. The Procurement Ombudsman has four primary functions, which are to:
 - (i) review the practices of departments for acquiring materiel and services to assess their fairness, openness and transparency and make any appropriate recommendations to the relevant department for the improvement of those practices;
 - (ii) review any complaint respecting the award of a contract for the acquisition of goods below the value of \$25,000 and services below the value of \$100,000;
 - (iii) review any complaint respecting the administration of a contract for the acquisition of materiel or services by a department, regardless of dollar value;
 - (iv) ensure that an alternative dispute resolution process is provided, if both parties agree to participate;
 - (v) a possible fifth function is that the *Federal Accountability Act* also specifies that the Procurement Ombudsman can also perform any other duty or function respecting the practices of departments for acquiring materiel and services that may be assigned to the Procurement Ombudsman by order of the Governor in Council or the Minister of Public Works and Government Services Canada.
- (b) The [Office of the Procurement Ombudsman](#) (OPO) performs its duties and functions as set out in the [Procurement Ombudsman Regulations](#).
- (c) The role of coordinating supplier complaints to OPO as well as OPO reviews of those procurement practices performed by Acquisitions Branch on behalf of clients has been assigned to the Acquisition Policy and Process Directorate, Policy, Risk, Integrity and Strategic Management Sector.

For assistance with respect to OPO related activities or potential complaints, contracting officers may contact the OPO Coordination Office, by telephone at 819-956-0912.

1.40 Departmental Delegation of Authority

1.40.1 Use of Judgement and Knowledge

(2010-01-11)

- (a) The individual requirements of a particular procurement may suggest that a course of action other than one set out in this Manual should be followed. Wherever there is no instruction on a particular subject, contracting officers must use their judgement and knowledge following the guiding principles at subsection [1.10.5](#).
- (b) PWGSC may be required to defend publicly a contracting officer's actions, and the contracting officer will be required to substantiate those actions. In the event that there arises a need to deviate from an established policy or procedure, the process to be followed can only be presented in general terms:
 - (i) Any deviation must be identified in advance and must be carefully assessed and justified; (including the reason for the deviation and the consequences of not deviating) for approval by the director general.
 - (ii) The director general must determine whether more senior officials must become involved in the decision to deviate.

1.40.5 Contract Approval and Signing Authorities

(2010-01-11)

Contracting officers are delegated authorities from the Minister of Public Works and Government Services Canada (PWGSC) to provide procurement and acquisitions-related services to departments and agencies. See [Chapter 6](#) for further details.

1.45 Division of Responsibilities between PWGSC and Client Departments

(2010-01-11)

- (a) The matrix at [Annex 1.1](#) provides a generic division of anticipated types of responsibilities between PWGSC and client departments. It forms the basis for an effective and efficient partnering relationship for those who are responsible for activities within the procurement process.
- (b) The division of responsibilities, as shown in the matrix, represents a standard way of doing business. However, as every procurement and associated contract differs, alternate divisions of roles and responsibilities can be established in advance by way of a written agreement between PWGSC and the client. Such client-specific or procurement-specific arrangements or matrices will take precedence over this generic matrix. Legislation, regulations and policy will also take precedence over this matrix. [Annex 1.2](#) contains two client-specific agreements with the Department of National Defence.
- (c) Two additional Memorandum of Understanding (MOU), are those for Canadian Commercial Corporation and CORCAN. Details for these special procurement processes are described in [Chapter 9](#).
- (d) The [Client Engagement Sector](#) (CES) maintains copies of separate MOU signed for individual business requirements, which may be obtained by contacting this sector.
- (e) All Major Crown Projects (MCPs) have MOU signed between the project and the contracting authorities to delineate project management responsibilities between the two departments. Copies of these MOU may also be obtained from the CES or appropriate MCP office.

1.50 Fairness Monitors

(2010-01-11)

- (a) PWGSC's fairness monitoring process provides independent assurance that specific PWGSC procurements are conducted in a fair, open and transparent manner.
- (b) A fairness monitor is an independent third party whose role is to observe all or part of a procurement process, to provide related feedback on fairness issues to PWGSC's Department Oversight Branch, and to provide an unbiased and impartial opinion on the fairness of the observed procurement process.
- (c) The involvement of a fairness monitor in a procurement process in no way diminishes or absolves any PWGSC official of their accountabilities or responsibilities. (See [3.135](#) for further details.)

1.55 Commodity Management

(2010-01-11)

Commodity management is defined by a framework of governance and processes used to review, plan, acquire and control the total life cycle activities of a distinct group of goods and/or services. Use of the commodity management framework results in the award of Pre-competed Procurement Instrument(s), which should meet operational requirements of government departments while providing the optimal cost of ownership and disposal and achieving the best value for Canada. This is in keeping with Canada's commitment to deliver services smarter, faster and at a reduced cost.

1.55.1 Overview

(2010-01-11)

Commodity management provides the following:

- (a) A government-wide approach to managing commonly used goods and services that meet the operational requirements of government client departments and support their program and service objectives.
- (b) An effective "best practices" combination of:
 - (i) market and demand/spend analysis,
 - (ii) total life cycle and risk analysis,
 - (iii) governance and consultation,
 - (iv) strategic sourcing and procurement to achieve the best value and reduce total cost to government through:
 - (A) volume optimization,
 - (B) purchase specification standardization and improvement,
 - (C) supply base optimization,
 - (D) purchasing process improvements and technology integration,
 - (E) demand, maintenance and spares management,
 - (F) best value evaluation,
 - (v) change management and training to improve client purchasing process management,
 - (vi) contract management including performance measurement and tracking.

- (c) Attention to these elements is done in the context of current procurement values and ethics of transparency, equity and openness as well as government socio-economic, sustainable development and environmental "green" improvement objective.

1.55.5 Goals and Benefits of Commodity Management

(2010-01-11)

- (a) Some of the **goals** of commodity management are:
 - (i) to establish performance measures, to assess what, how and at what cost the government procures goods and services, thereby facilitating a successful continuous improvement program;
 - (ii) to identify risk factors to government operations and mitigation strategies to manage those risks (e.g. strengths, weaknesses, opportunities and threats);
 - (iii) to collaborate with colleague departments through inter-departmental commodity teams, resulting in the commitment to use government-wide procurement instruments, and
 - (iv) to achieve best value for Canada, including lowest overall cost and ability to support socio-economic objectives, sustainable development and aboriginal objectives.
- (b) Some of the **benefits** of commodity management are:
 - (i) improved transparency, accountability and responsibility for procurement across the federal government;
 - (ii) a simplified process that ensures efficient delivery of products and service;
 - (iii) ability to better understand, define and meet operational requirements for a full range of government programs through close collaboration with client departments;
 - (iv) stronger relationships with the supplier community and the use of procurement processes, leading to the selection of top-performing contractors, and high-quality best value goods/services, and
 - (v) more effective and pro-active contract management strategies and implementation plans.

1.55.10 Pre-competed Procurement Instruments

(2010-01-11)

- (a) Pre-competed Procurement Instruments (PCPIs), also known as Consolidated Procurements Instruments, can result in, but are not limited to, standing offers, supply arrangements, task authorization contracts, or government-wide contracts resulting from the commodity management processes and are put in place between Canada and one or more suppliers for the provision of a specific commodity over a specified period of time.
- (b) Departments and agencies should always consider use of these procurement instruments as the first method of supply to buy goods and services. There are both mandatory and non-mandatory PCPIs. In 2005, Treasury Board distributed a letter to departments and agencies for mandatory use of standing offers and supply arrangements for 10 [commodity categories](#). Further details on the different methods of supply can be found in [Chapter 3](#) and [Chapter 4](#).

1.60 Environmental Considerations

1.60.1 Green Procurement Policy

(2010-01-11)

- (a) The [Policy on Green Procurement](#) was introduced through the [TB Contracting Policy Notice 2006-1](#), and came into effect on April 1, 2006. The objective of the policy is to advance the protection of the environment and to support sustainable development by integrating environmental performance considerations into the procurement decision-making process.
- (b) The Policy is set within the context of “value for money” and a life cycle management approach. The Policy requires that departments integrate environmental performance considerations, as a key factor in procurement decisions that occur throughout the life cycle of assets and acquired services. Departments are also required to establish green procurement targets and monitor and report on their green procurement performance through the annual Report on Plans and Priorities and the Departmental Performance Report; or, if applicable, in the Sustainable Development Section of the Departmental Performance Report. This Policy applies to all departments and agencies.
- (c) The Policy is described in further detail in [2.20](#) and [3.65](#).
- (d) The implementation of the Policy in Acquisitions Branch is managed by the Green Procurement Team, within the Procurement Renewal Office (PRO). Contracting officers can contact PRO by e-mail at: achatsecologiques.greenprocurement@tpsgc-pwgsc.gc.ca.
- (e) Contracting officers are required to:
 - (i) take the on-line course Green Procurement (C215E) available through [Campusdirect](#), Canada School of Public Service;
 - (ii) incorporate environmental considerations into the commodity management process for all procurement instruments, if applicable;
 - (iii) advise all clients of the Green Procurement Policy and support them, using the information, tools and guidance available, to meet both the client needs and policy requirements; and
 - (iv) record in procurement, in contract approval and in reporting documents, that environmentally preferable goods or services have been considered.

1.60.5 Office of Greening Government Operations

(2010-01-11)

The [Office of Greening Government Operations](#) (OGGO) was created in April 2005 within Public Works and Government Services Canada (PWGSC). OGGO's mandate is to accelerate the greening of the government's operations by working with other federal departments, particularly Treasury Board Secretariat and Environment Canada. OGGO works in conjunction with the Green Procurement Team in Acquisitions Branch (AB), to establish procedures to enhance green procurement within AB and throughout the government.

1.65 Policy on Government Security

(2010-01-11)

- (a) The objective of the [Policy on Government Security](#), as it pertains to contracting, is to ensure that sensitive information and assets of the government are properly protected when entrusted to industry. The role of PWGSC in this process is to ensure that individuals and organizations that will have access to or will possess sensitive information and assets have first received the

necessary security screening or clearance through the [Canadian Industrial Security Directorate \(CISD\)](#), PWGSC.

- (b) The project authority and the departmental security officer are responsible for ensuring that their department adheres to the Policy and that provisions are made for any suppliers used to provide goods or services to ensure that they also meet the same requirements. CISD is responsible for the following services:
 - (i) the provision of the appropriate security clauses to be inserted into solicitation and contractual documents, as required, when a Security Requirements Check List (SRCL) has been used to identify the needs;
 - (ii) provide appropriate security clearance to any companies that are awarded sensitive contracts in order to meet the security requirements of the contract and ensure that they maintain their security clearance during the period of the contract;
 - (iii) ensure that inspections are undertaken and regularly renewed at the company facilities if required; and
 - (iv) carry out the security screening of the contractor's personnel as required by the provisions of the contract.

Note that contracts may still have a security requirement, even though the contractual documents themselves are not designated as PROTECTED/CLASSIFIED.

- (c) Upon request, CISD also handles the security requirements of contracts awarded by other government departments under their own contracting authority;
- (d) The Policy is issued by Treasury Board under the authority derived from government decision and section 7 of the *Financial Administration Act*.
- (e) Each federal department is responsible for protecting sensitive information and assets under its control not only in its own operations but also throughout the bidding, negotiating, awarding, carrying out, and terminating of any contracts it manages. In contracting, the SRCL is used by PWGSC and client departments to define their security requirements in a contract. See [2.50](#), [3.55](#) and [7.55](#) for more information on security.

1.70 Privacy in Contracting

(2010-01-11)

- (a) Effective April 1, 2008, TB released a [Policy on Privacy Protection](#). Canadians value their privacy and the protection of their personal information. They expect government institutions to respect the spirit and requirements of the Privacy Act. This policy is to be read in conjunction with the [Policy Framework for Information and Technology](#) and the [Policy on Access to Information](#). Additional mandatory privacy-related requirements are set out in the [Privacy Impact Assessment Policy](#).
- (b) This policy applies to government institutions as defined in section 3 of the [Privacy Act](#) (the Act), including parent Crown corporations and any wholly owned subsidiary of these corporations. It does not apply to the Bank of Canada. Also, this policy does not apply to information excluded under the Act.
- (c) Canada is committed to protecting the privacy of individuals with respect to the personal information that is under the control of government institutions. The government recognizes that this protection is an essential element in maintaining public trust in government. The Supreme Court of Canada has characterized the Act as "quasi-constitutional" because of the role privacy

plays in the preservation of a free and democratic society.

- (d) Privacy protection in this sense means limiting government interventions into the private lives of Canadians to lawful and necessary purposes. It also means that government must ensure a high standard of care for personal information under the control of government institutions. The government also has to respond to requests for access to personal information. Sound information management plays a key role in facilitating the exercise of access rights under the Act and ensuring privacy protection.
- (e) Through government contracts, contracting authorities, clients and other departmental organizations are privy to individual and company private information. It is imperative that precautions are taken in contracting to safeguard this information. Some examples include such things as individual resumes that contain very personal information and secondly company private information that in the wrong hands may provide competing companies technical advantages, trade secrets or financial information.
- (f) PWGSC must ensure safeguards are put in place to protect personal and company private information by ensuring information is stored securely and that information is handled through limited distribution and provided only as necessary. Under no circumstances should a company's private information or an individual's personal information be shared with competitors or placed in the public domain without the written authorization of the originator of the information.
- (g) The guidance document, "[Taking Privacy Into Account Before Making Contacting Decisions](#)" should be reviewed by contracting officers whenever personal information about Canadians is to be handled or accessed by private sector suppliers or agencies under contract.

**Annex 1.1: Matrix of Responsibilities between PWGSC and Client Departments for the
Procurement of Goods and Services (Generic)**

(2010-01-11)

Introduction

1. The following matrix provides a generic division of anticipated types of responsibilities between Public Works and Government Services Canada (PWGSC) and client departments. It forms the basis for an effective and efficient partnering relationship for those who are responsible for activities within the contracting process.
2. The division of responsibilities as shown in the matrix represents a standard way of doing business. However, as every procurement and associated contract differs, alternate divisions of roles and responsibilities can be established in advance by way of a written agreement between PWGSC and the client department. Such client department or procurement-specific arrangements or matrices will take precedence over this generic matrix. Legislation, regulations and policy will also take precedence over this matrix.
3. Regular communication between PWGSC and the client department is considered essential to success in all activities, even for those activities where no contributing role is indicated within the matrix.

Note: The matrix does not represent a delegation of procurement authority by the Minister of PWGSC, and it does not remove from contracting officers their overall contracting responsibilities.

Annex 1.1 - Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services (Generic)

L: Lead
C: Contributing
S: Shared

Generic Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services			
No.	Activities	Responsibility	
		Client	PWGSC
1	Requirements Definition		
1.1	Define client's operational requirements:		
1.1.1	Define the essential characteristics (i.e., Statement of Requirements).	L	C
1.1.2	Consider all feasible solutions to meet the client's operational needs.	L	C
1.1.3	Develop the preliminary project cost estimates and schedules.	L	
1.1.4	Conduct the cost benefit analysis of alternatives, including the life cycle costing analysis.	L	C
1.1.5	Determine the total resource requirements and implications; for example, training, priority of allocation amongst operational needs and security requirements.	L	
1.1.6	Obtain approval-in-principle to continue with the project.	L	
1.1.7	Develop the Total Project Plan, including substantive cost estimates and schedules, special project management needs, project phasing, maintenance support requirements, etc.	L	
1.2	Define client's technical requirements:		
1.2.1	Develop the Statement of Work (SOW) and/or performance specifications or standards, as appropriate, for the goods/services required in order to meet the operational needs.	L	
1.2.2	Define the technical requirements for quality assurance, acceptance, warranty, training, documentation, packaging, transportation, initial provisioning, etc.	L	
1.3	Raise the requisition (form PWGSC-TPSGC 9200):		
1.3.1	Prepare the funded requisition for goods/services to be forwarded to PWGSC. Include the Security Requirements Checklist (SRCL), if applicable.	L	C
2	PWGSC Procurement Plan		
2.1	Assess potential sources of supply (Canadian vs. offshore, etc.).	C	L
2.2	Identify applicable major contracting policy issues/ considerations, which must be resolved to accomplish the procurement.	C	L
2.3	Examine potential problems in relation to patents, licencing, royalties and technology transfer.	C	L
2.4	Develop Procurement Plan including:		
2.4.1	Delivery schedule and acceptance requirement	L	C
2.4.2	Contracting approach (including sourcing strategy)	C	L
2.4.3	Target cost and cash flow plan	C	L

Annex 1.1 - Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services (Generic)

Generic Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services			
No.	Activities	Responsibility	
		Client	PWGSC
2.4.4	Statement of appropriate quality and inspection system standards and qualification approvals	L	C
2.4.5	Communications strategy	C	L
2.4.6	Contractual risk management	C	L
2.4.7	Evaluation methodology and selection method	C	L
2.4.8	Industrial Benefits (IBs), where appropriate	C	L
2.4.9	Interdepartmental and international agreements related to procurement plan	L	C
2.5	Obtain the Procurement Plan approval.		L
3	Contracting Process		
3.1	Prepare the translation of procurement documents (the client is responsible for the translation of the SOW and/or performance specifications or standards and technical evaluation criteria)	C	L
3.2	Prepare and distribute/post procurement notice on GETS (Government Electronic Tendering Service) and the bid solicitation package.		L
3.3	Prepare and distribute technical data packages, as required.	L	C
3.4	Receipt of the bids on bid closing.		L
3.5	Evaluate the technical elements of bids.	L	C
3.6	Evaluate time, cost and other contractual elements of the bids.		L
3.7	Prepare the consolidated evaluation and the selection of the bidder.	C	L
3.8	Negotiate the contract, where applicable.	C	L
3.9	Obtain the contract approval.	C	L
3.10	Prepare and issue the contract.		L
3.11	Debrief the unsuccessful bidders.	C	L
4	Contract Administration		
4.1	General:		
4.1.1	Monitor work of the contractor; and receive the contract deliverables.	L	C
4.1.2	Monitor the cash flow.	L	C
4.1.3	Report any problems to the contracting authority.	L	
4.1.4	Resolve any contractual problems.	C	L
4.1.5	Monitor compliance with the terms and conditions of the contract.	S	S
4.1.6	Determine that goods and services received are in accordance with the requirement.	L	C
4.1.7	Determine that goods and services received are in accordance with the contract.	C	L
4.1.8	Process the claims for payment.	L	C

Annex 1.1 - Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services (Generic)

Generic Matrix of Responsibilities between PWGSC and Client Departments for the Procurement of Goods and Services			
No.	Activities	Responsibility	
		Client	PWGSC
4.2	Contract Amendments:		
4.2.1	Identify the need for additional work or revisions; confirm the funding.	L	
4.2.2	Confirm that the contract amendment is the appropriate vehicle.		L
4.2.3	Negotiate the contract amendment.	C	L
4.2.4	Obtain an approval for amendment/change order.		L
4.2.5	Prepare and issue the contract amendment.		L
5	Contract Close-out		
5.1	Settle the outstanding claims for payment.	C	L
5.2	Issue the contract closing amendment.		L
5.3	Finalize the disposition of Crown assets.		L

Annex 1.2: Specific Division of Responsibilities Agreements
(2010-01-11)

Section A: Division of Responsibilities Between PWGSC and DND for the Acquisition of Goods and Services

1. This matrix is an assigned division of responsibility, agreed by the Ministers of the Department of National Defence (DND) and Public Works and Government Services Canada (PWGSC).¹ It forms the foundation for an efficient and effective partnering relationship for those who are responsible for activities within the procurement process.
2. This matrix is to be used for all DND goods and services procured by PWGSC. An "X" represents the assignment of each activity to a "Lead" and "Participatory" department. An "M" represents the norm for MCPs and like projects.
3. The assignment of each activity to a "Lead" and "Participatory department" as indicated in this table is to be considered the normal way of doing business. However, as every procurement and associated contract differs with respect to complexity, risk, value and availability of skilled resources, deviations can be agreed jointly in advance as long as justifications are formally filed in an agreement between the two Departments, which consider reasons why the norm cannot be applicable in specific areas.
4. In all activities, it is incumbent upon each "Lead" to always consider as prudent, continuous communication with the procurement representatives of the other department, even if this "Lead" is identified as the sole "X". Finally, it is important to note that this matrix of assigned responsibilities is not necessarily sequential.
5. Effective communications between DND and PWGSC must be worked out on a project-by-project basis. The matrix below sets out anticipated DND internal responsibilities. For any individual project, DND requests that communications be through the procurement functional contact, the applicable DND Procurement Manager/Officer, unless otherwise discussed and agreed to with that procurement functional contact.

¹ The matrix does not represent delegation of procurement authority by the Minister of PWGSC, and does not affect the responsibility of the contracting officer as defined in Treasury Board Contracting Policy.

Legislation, regulations and policy will take precedence over this matrix in the case of any ambiguity.

DND/PWGSC Responsibility Matrix

CODE	DETAIL	RESPONSIBILITY			
		PWGSC	DND	PWGSC Normally Participates	DND Normally Participates
	PO (Procurement Officer) PM (Project Manager) TA (Technical Authority- includes LCMM) PD (Project Director) M (denotes for MCP or MCP-like projects where role is defined in the PMP) PM/TA - usually the PM for Capital/NP project procurement and the TA for in-service procurement				
1	DEFINE DND OPERATIONAL REQUIREMENTS				
1.1	Define essential characteristics - Statement of Capability Deficiency or Statement of Requirement		PD		
1.2	Seek procurement input/ advice from DND procurement authority		PO		
1.3	Delineate all feasible solutions, within government policy, to meet operational needs (ROM costs)		PD	M	
1.4	Identify Total ROM project cost and schedule estimates for SSID		PO		
1.5	Obtain operational approval to continue with project (SSID)		PD		
1.6	Preparation of cost benefit analysis including life cycle costing analysis of alternatives and uncertainties		PD		
1.7	Determine requirement for cooperation & involvement of other Departments/Countries (excluding 3.5.9)		PD		
1.8	Determine national and international obligations applicable to operational need		PD		
1.9	Determine requirement for phased cycles for project implementation		PM	X	
1.10	Determine maintenance and support requirements		PM/TA	X	
1.11	Determine total resource requirement for the project		PM	X	
1.12	Identify Total Project cost (substantive) and schedule estimates				
1.12.1	Obtain and collate cost and schedule information		PD/PO	X	
1.12.2	Develop Total Project cost and schedule estimates		PO		
1.13	Initiate a PMP (formerly PIP) for project (Responsibility Assignment Matrix)		PM	X	
1.14	Develop DND's Procurement Master Plan		PO		
1.15	Obtain approval (SRB and PRC/SPAC)		PM	X	

Annex 1.2 - Specific Division of Responsibilities Agreements

CODE	DETAIL	RESPONSIBILITY			
1.16	Prepare project submission and obtain approval (PMB, SS PPA and SS EPA, and Project Briefs)		PD/PM& PO		
1.17	Prepare Memorandum to Cabinet (for MCP's only)		M	M	
1.18	Execute DND's Procurement Master Plan		PO		
2	DEFINE TECHNICAL REQUIREMENTS AND RAISE PROCUREMENT INSTRUMENT				
2.1	Establish team (formal or informal as appropriate) for an individual procurement instrument, including required stakeholder		PO	X	
2.2	Identify appropriate DND authorities in the PI (e.g. requisition, technical, QA)		PO		
2.3	Statement of Work (SOW)				
2.3.1	Define SOW and/or Performance Specifications in support of the operational need		PM/TA		
2.3.2	Identify Earned Value requirements (for MCP's or MCP-like projects)		M		
2.3.3	Review and Refine SOW		PO	X	
2.4	Define Government Furnished Resources (e.g. tools, test equipment)		PM/TA		
2.5	Define Quality Assurance and Acceptance requirements		PM/TA		
2.6	Define other technical requirements (e.g. warranty, training, documentation, Initial Provisioning, etc.)		PM/TA		
2.7	Define Technical Evaluation Criteria		PM/TA		
2.8	Prepare Procurement Instrument and Associated Documents				
2.8.1	Validate cost estimate and secure funding for this PI		PO		
2.8.2	Develop Technical Bid Evaluation Plan		PM/TA	X	
2.8.3	Establish Technical Bid Evaluation Team		PM/TA	X	
2.8.4	Develop proposed procurement schedule (activities and timeline) for this PI		PM/TA		
2.8.5	Identify and mitigate DND risks associated with this PI		PO		
2.8.6	Develop Content of Procurement Instrument		PO		
2.8.7	Review Draft Procurement Instrument		PO	X	
2.9	Approve Procurement Instrument (Requisition)		PO		
3	DEVELOP PWGSC PROCUREMENT PLAN (*based on DND Procurement Instrument)				
3.1	Assess the industrial capability *	X			
3.2	Identify applicable major contracting policy which must be considered to accomplish procurement *	X			

Annex 1.2 - Specific Division of Responsibilities Agreements

CODE	DETAIL	RESPONSIBILITY			
3.3	Review applicable CITT cases and Federal Court Rulings of Procurement	X			PO
3.4	Examine potential problems in relation to patents, licensing, royalties, and technology transfer	X	PM/TA		
3.5	Develop Procurement Plan including:				
3.5.1	Delivery schedule and acceptance requirement		PO	X	
3.5.2	Contracting approach *	X			
3.5.3	Target cost and cash flow plan		PO		
3.5.4	Stating of appropriate quality control and inspection system standards and qualification approvals		PM/TA		
3.5.5	Communications Strategy (e.g. press release, etc.)	X	PM/TA		
3.5.6	Risk Management *	X			
3.5.7	Evaluation Methodology *	X			
3.5.8	Industrial and Regional Benefits	X			PM/TA
3.5.9	Interdepartmental and international agreements related to Procurement Plan (excluding DND/PWGSC)		PM/TA	X	
3.6	Obtain approval of procurement plan	X			
4	CONTRACTING PROCESS				
4.1	Review requisition or procurement instrument	X			PO
4.2	Review SOW and Technical Evaluation Criteria for its contractibility	X			PO
4.3	Prepare Solicitation Bid Package				
4.3.1	Identify Applicable Terms and Conditions (including Basis of Payment)	X			PO
4.3.2	Develop Contractual Evaluation Criteria (time, finance incl. transition, contractual & consolidated evaluation plan)	X			PO
4.3.3	State appropriate authorities (e.g. requisition, technical, contract, quality, etc., as applicable)	X			
4.4	Dispatch "Solicitation - Bid" (RFP/ITT) documentation to Industry and DND	X			
4.5	Distribute technical data packages to suppliers as required and as applicable		PM/TA	X	
4.6	If competitive (RFP, ITT or equivalent process), Evaluate Bids and Recommend Supplier				
4.6.1	Carry out Technical evaluation (SOW and associated t's & c's) in accordance with the Evaluation Plan		PM/TA	X	
4.6.2	Carry out Contractual evaluation (including contract t's & c's) in accordance with the Evaluation Plan	X			M
4.6.3	Consolidate evaluation and recommend supplier	X			PO

Annex 1.2 - Specific Division of Responsibilities Agreements

CODE	DETAIL	RESPONSIBILITY			
4.7	If sole-source, Negotiate contract	X			PO&PM/TA
4.8	Review draft contract documentation		PO		
4.9	Obtain TB or Departmental contract approval, as required	X			M
5	CONTRACT ADMINISTRATION				
5.1	Initiate Contract Administration				
5.1.1	Implement Tools and Processes for Administration	X	PO		
5.1.2	Kick-Off Meetings with Parties, Stakeholders	X			PO&PM/TA
5.2	Provide Government Furnished Resources(GFR) in Support of Contract Work		PO	X	
5.3	Ascertain Contract Performance				
5.3.1	Technical and Quality of the Deliverables		PM/TA		
5.3.2	Contractor's Engineering, Production and Quality Systems		PM/TA		
5.3.3	Contractor's Financial and Management Systems	X			
5.3.4	Contract Cash Phasing/ Cash Flow				
5.3.4.1	Cash Flow Actual versus Contracted Cash Flow	X			M
5.3.4.2	Cash Flow Actual versus DND Planned Cash Flow for Financial Forecast		PO		
5.3.4.3	Earned Value (monitor progress of work versus planned work and associated cost) for MCP's	X	M		
5.3.5	Delivery				
5.3.5.1	Monitor materiel and services delivery date		PO		
5.3.5.2	Acceptance Trials and Tests		PM/TA		
5.3.5.3	Schedule compliance	X	M		
5.3.6	Progress Review Meetings				
5.3.6.1	Requirements/Technical Work Group Meetings		PM/TA	X	
5.3.6.2	Contract Progress Review Meetings with Contractor	X			PO&PM/TA
5.4	Apply Contract Provisions and Processes				
5.4.1	Interpretation and Notifications	X			
5.4.2	Change Control				
5.4.2.1	Technical (Engineering Change Notices/Proposals)		PM/TA		
5.4.2.2	Contract Amendments	X			PO

Annex 1.2 - Specific Division of Responsibilities Agreements

CODE	DETAIL	RESPONSIBILITY			
5.4.3	Warranty Provisions				
5.4.3.1	Invoke Warranty		PM/TA		
5.4.3.2	Enforce Warranty	X			
5.4.4	Contractual Issues				
5.4.4.1	Identify contractual issues	X	PO		
5.4.4.2	Enforce contractual issues	X			
5.4.5	Accept Contract Deliverables		PM/TA		
5.4.6	Certify and Process Payments	X	PO		
5.5	Close Out Contract				
5.5.1	Crown Asset Disposition		PO	X	
5.5.2	Final Contract Audit	X			
5.5.3	Final Payment and Amendment	X	PO		

List of Acronyms:

CITT	Canadian International Trade Tribunal
DND	Department of National Defence
GFR	Government Furnished Resources
ITT	Invitation to Tender
LCMM	Life Cycle Material Manager
MCP	Major Crown Project
NP	National Procurement
PI	Procurement Instrument
PIP	Project Implementation Plan
PMB	Program Management Board
PMP	Project Management Plan
PRC	Procurement Review Committee
PWGSC	Public Works and Government Services Canada
RFP	Request for Proposal
ROM	Rough Order of Magnitude
SOW	Statement of Work
SPAC	Senior Project Advisory Committee
SRB	Senior Review Board
SS(ID)	Synopsis Sheet (Identification)
SS(EPA)	Synopsis Sheet (Effective Project Approval)
SS(PPA)	Synopsis Sheet (Preliminary Project Assessment)
TB	Treasury Board

Section B: Division of Responsibilities between PWGSC and DND for the Quality Assurance of Materiel and Services

1. Public Works and Government Services Canada (PWGSC) and the Department of National Defence (DND) agreed in principle to a division of responsibilities between the two departments for the quality assurance of materiel and services acquired on behalf of DND. This agreement will be amended, if and when required, only with the consent of both departments.
2. This agreement identifies the division of responsibilities as agreed by each department for the quality assurance of materiel and services, as it applies to military specifications, acquired on behalf of DND.

It does not deal with materiel and services to non-military specifications (see Section A) or with the division of responsibilities for materiel and services managed by an interdepartmental project management office, which are the subject of a separate agreement.

Materiel and services to military specifications: Includes all materiel and services, including repair and overhaul, as well as research and development for which a military or other DND specification or requirement is included in procurement documentation. Also included in this category are materiel and services which are not covered by DND or military specifications but which are of sufficiently significant concern to DND as to require the allocation of responsibilities annotated under this heading.

3. PWGSC shall also participate with DND in identifying the application and use of quality assurance techniques at the earliest possible stage in the product life cycle and the development and implementation of cost-effective quality assurance support programs.
4. DND shall be solely responsible for the designation of materiel and services as "Military" or "Non-Military" in technical and procurement documentation.
5. The responsibilities identified for a Sub-activity does not mean exclusive involvement by one department. Close participation and coordination by both departments is essential throughout the various phases of the procurement program.

Where participation by the other department is indicated, the responsible department is expected to initiate the consultation. However, it does not preclude either department from requesting participation in, or consultation on, any given sub-activity relative to an established program.

Materiel and Services for Military Specifications

Sub-activity Description

A: Definition of Requirements - DND assigned overall responsibility

Quality assurance services which support achievement of the quality of design, its practicality for manufacture and the means by which conformance will be demonstrated. The tasks involve participation in:

- A.1 The evaluation with DND of technical data for completeness, clarity, freedom from irrational or excessive tolerances, contradictions, over stipulation of quality requirements, ability to meet interface requirement, etc.
- A.2 Review of design to determine completeness of definition, the methods for demonstrating conformance and analysis of system effectiveness of such major elements as:

- a. Safety
- b. Maintainability
- c. Reliability
- d. Performance
- e. Human Engineering
- f. Interchangeability
- g. Configuration Control.

A.3 Establishment and definition of test methods with respect to practicality, suitability and cost as related to:

- a. Qualification Approval
- b. Design Approval Model (Prototype)
- c. Production Unit Conformance
- d. Acceptance Trials.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

A.4 Applicability of technical data to current programs of maintenance, repair and overhaul and reprovisioning.

Responsibility for Sub-activity - DND

A.5 Selection of parts, components or process, with avoidance of those which are difficult to control, subject to excessive variation or high failure rate, etc.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

A.6 Classification of quality characteristics with respect to their importance to design objectives.

A.7 Designation of quality control and inspection system standards.

A.8 Definition of preferred warranty requirements.

A.9 Establishment of requirements for technical reports from suppliers.

Responsibility for Sub-activity - DND

B: Quality Assurance Support Programs - DND assigned overall responsibility

Develop, support and maintain programs conducive to efficient procurement and quality assurance which includes such tasks as:

- B.1 Development as appropriate of contractor quality system standards/specifications for contract use.
- B.2 Maintenance of qualified/approved product programs.
- B.3 Evaluation of the acceptability of suppliers' quality control/inspection systems, commercial test, laboratory and calibration facilities.

Responsibility for Sub-activity - DND

Normally Participates in Sub-activity - PWGSC

- B.4 Selection of suppliers with acceptable quality control/inspection systems, commercial test, laboratory and calibration facilities.

Responsibility for Sub-activity - PWGSC
Normally Participates in Sub-activity - DND

C: Requisitioning - DND assigned overall responsibility

Quality assurance tasks associated with requisitioning (contract demands, local purchase orders).

- C.1 Review of the requisition with DND for applicability of the technical data.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

- C.2 Development of Quality Assurance Plan.
- C.3 Assurance that workmanship standards are established.
- C.4 Determine which contractor quality control/inspection requirements are applicable.
- C.5 a. Designation of the Quality Assurance Authority, and
b. Designation of government quality assurance at source or inspection at destination.

Responsibility for Sub-activity - DND

- C.6 Develop and include special clauses of significance to the assurance of quality.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

D: Preparation of Bid Solicitation - PWGSC assigned overall responsibility

Quality assurance tasks associated with the preparation of bid solicitations.

- D.1 Review of quality requirements on the requisition for completeness and clarity.

Responsibility for Sub-activity - DND

- D.2 Establishment of criteria for the evaluation of bids/proposals for compliance with quality requirements.
- D.3 Review of past performance of potential bidders in respect of their quality history, to determine potential suppliers.
- D.4 Explanation of quality requirements at the prebidders' conference.

Responsibility for Sub-activity - PWGSC
Normally Participates in Sub-activity - DND

E: Bid Evaluation and Supplier Selection - PWGSC assigned overall responsibility

Quality assurance tasks associated with evaluation and supplier selection in relation to:

- E.1 Evaluation of bidders' quality capabilities based upon their quality history and pre-award survey of their quality control/inspection systems.
- E.2 Evaluation with DND of the quality/quality assurance implications of selecting alternative products.
- E.3 Trade-off analysis of performance cost and schedule.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

F: Contract Preparation and Final Award - PWGSC assigned overall responsibility

Quality assurance tasks associated with contract preparation and final award in relation to:

- F.1 Resolution of negotiations with contractor on quality-cost matter not finalized at the bid evaluation stages and review of contract quality requirements to ensure mutual understanding
- F.2 Verification with DND that the contract includes the required quality system requirements.

Responsibility for Sub-activity - PWGSC
Normally Participates in Sub-activity - DND

G. Contract Administration - PWGSC assigned overall responsibility

Performance of the following activities in support of PWGSC contract administration throughout the duration of the contract, as applicable:

- G.1 Quality Assurance Verification of the continuing effectiveness of the contractor's methods for controlling his product quality. These elements are:
 - a. Management control system review
 - b. Planning
 - c. Quality Assurance documentation
 - d. Corrective action
 - e. Design, development, control and engineering features
 - f. Documentation control and change
 - g. Control of inspection, measuring and test equipment
 - h. Control of contractor purchased materiel
 - i. Manufacturing and process control
 - j. Purchased and/or supplied materiel standards and specifications
 - k. In-process and final inspection and test
 - l. Sampling procedures
 - m. Control of non-conforming materiel
 - n. Inspection status
 - o. Handling, storage and packing.
- G.2
 - a. Verification of the conformance of preproduction or first-off unit.
 - b. Periodic sampling as appropriate during production to ascertain conformance to

- specifications.
- c. Timely reporting to PWGSC in the event of deviations from specifications.
- d. Verify acceptability of product and authorize release to consignee.

- G.3 Quality assurance action in technical change procedures such as initiation, and recommendation.
- G.4 Review of contract quality requirement with contractor to ensure mutual understanding.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

H. Contract Close out and Clean-up - PWGSC assigned overall responsibility

Quality assurance tasks performed during contract close-out and clean-up:

- H.1 Verification from DND of the condition and disposition of Crown-owned production tooling, inspection and test equipment
- H.2 Verification from DND of the completeness, suitability and proper disposition of technical data and documentation.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

I. Post-delivery Appraisals - DND assigned overall responsibility

Quality assurance tasks arising during the life of the product in relation to:

- I.1 Quality History
 - a. Accumulation and assessment of quality assurance histories for the purpose of recommending need for modification of product technical data, quality assurance standards, or quality assurance plans for the product, based on quality data acquired from the following:
 - (i) Product Qualification
 - (ii) Supplier Evaluation
 - (iii) Bid Evaluation
 - (iv) Product Quality Assurance
 - (v) Post-delivery Appraisal.
- I.2 Unsatisfactory Condition Report/Complaints
 - a. Review of failure reports where the complaint has been associated with quality defects.
 - b. Analysis and identification of cause.
 - c. Seeking of corrective action with contractor or through PWGSC. In all instances, DND should notify PWGSC immediately in writing.

Responsibility for Sub-activity - DND
Normally Participates in Sub-activity - PWGSC

J: Disposal - DND assigned overall responsibility

Quality assurance tasks related to the disposal of equipment and data.

K: Warehousing and Distribution - DND assigned overall responsibility

Quality assurance tasks associated with the development of a quality program, which will assure product quality on receipt, during storage and on issue, including such elements as:

- K.1 Preparation of Inspection Plans, including inspection on receipt, during storage, on issue and after repair.
- K.2 Control of technical data;
- K.3 Control of adequacy of inspection equipment;
- K.4 Incoming inspection;
- K.5 Identification of defective material;
- K.6 Procedures for material handling;
- K.7 Packaging and shipping;
- K.8 Inspection records;
- K.9 Quality audit;
- K.10 Corrective action.

Responsibility for Sub-activity – DND