

## ANNEX A – TERMS OF PAYMENT

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### 1. Payment

- 1.1. Notwithstanding any other provision of the Contract, no payment shall be made to the Contractor unless the following conditions have been met:
- a claim for payment, the Project Invoicing Detail Report, inspection notes, certificates and any other documents required by the Contract have been submitted in accordance with the terms of the Contract and the instructions of the Technical Authority;
  - all such documents have been verified by the Technical Authority;
  - with respect to all parts of the Work for which payment is claimed, the Contractor, where required to do so, establishes to the satisfaction of the Technical Authority that such parts of the Work will be free from all claims, liens, attachments, charges or encumbrances;
  - in the case of payment for finished Work, the finished Work has been completed in accordance with the Contract to the satisfaction of the Technical Authority; and
  - in the case of performance fees and a Contractor Incentive Program award, these have been approved by PWGSC.
- 1.2. The Technical Authority shall notify the Contractor of any inadequacy of the invoice or of the supporting documentation, within fifteen days of receipt of said invoice or supporting documentation, and where any such notice is given within that period, the date for payment of the amount invoiced to cover the item in dispute shall be set aside until the Contractor remedies the inadequacy to the satisfaction of the Technical Authority.
- 1.3. Where a delay, in accordance with General Conditions 2035 10 (2008-05-12) - Excusable Delay, has occurred, the Technical Authority, at the Technical Authority's discretion, may withhold all or a portion of any payment due to the Contractor until a "resolution" plan approved by the Technical Authority has been implemented in accordance with that Article. Interest on Overdue Accounts, in accordance with General Conditions 2035 17 (2008-12-12) shall not apply to any amount withheld under this clause.
- 1.4. Partial Payments of invoices may be authorized by PWGSC.

### 2. Basis of Payment

The Basis of Payment below covers the entirety of the payments to be made to the Contractor pursuant to the performance of the Contract. The Contractor will be reimbursed for the costs as determined in accordance with clause 2.1 Costs, paid fees determined in accordance with clause 2.2 Fees, and is eligible for an award in accordance with clause 2.2.8 Contractor Incentive Program.

#### 2.1 Costs

##### 2.1.1 Costs - General

- 2.1.1.1 The costs reimbursed to the Contractor will be the sum of the Allowable Costs which are reasonable and properly incurred in the performance of the Statement of Work, less any applicable credits. These costs must be determined in accordance with the Contractor's cost accounting practices as accepted by Canada during Contract Initiation and applied consistently over time.
- 2.1.1.2 It is the responsibility of the Contractor to demonstrate the actual Allowable Costs that have been incurred in the performance of the Statement of Work. Only those Allowable Costs which the Contractor can demonstrate as having been incurred will be reimbursed to the Contractor.

- 2.1.1.3 Allowable Costs will be reimbursed to the Contractor without mark-up for overhead or profit.
- 2.1.1.4 Allowable Costs incurred between the date of Contract Award and the Contract Completion date will be reimbursed to the Contractor.
- 2.1.1.5 Costs not specifically identified as Allowable Costs will not be reimbursed to the Contractor and are included in the fees described in clause 2.2 Fees.
- 2.1.1.6 Only Costs of direct services Work will be reimbursed to the Contractor.
- 2.1.1.7 Only Allowable Costs that have been pre-authorized by the Technical Authority, through the Work Authorization Process, in accordance with the Contract, will be reimbursed to the Contractor.
- 2.1.1.8 Reimbursement of Allowable Costs will be subject to audits from Canada. If the results of the audits from Canada show that there has been an overpayment, it must be promptly refunded to Canada in accordance with the Contract.

## **2.1.2 Definition of Reasonable Cost**

- 2.1.2.1 A cost is reasonable if the nature and amount do not exceed what would be incurred by an ordinary prudent person in the conduct of a similar competitive business in the same or similar circumstances.
- 2.1.2.2 In determining the reasonableness of a particular cost, consideration will be given to:
- a. whether the cost is of a type generally recognized as normal and necessary for the conduct of a contractor's business or performance of the Statement of Work;
  - b. the restraints and requirements by such factors as generally accepted sound business practices, arm's length bargaining, federal, provincial and local laws and regulations, and contract conditions;
  - c. the action that prudent business persons would take in the circumstances, considering their responsibilities to the owners of the business, their employees, customers, the Canada and the public at large;
  - d. significant deviations from the established practices of the Contractor which may unjustifiably increase the costs; and
  - e. the Statement of Work, delivery schedules and quality requirements of the Contract as they affect costs.

## **2.1.3 Allowable Costs**

The following costs, unless identified as non-allowable in clause 2.1.4 Non-Allowable Costs, where authorized and demonstrated as having been incurred, are Allowable Costs and are reimbursable to the Contractor:

Direct Labour Costs - meaning the costs of the portion of gross wages or salaries, benefits and the Contractor's contributions to benefit plans and legislated programs such as Employment Insurance and Canada Pension Plan, incurred in the direct performance of the Statement of Work.

Direct Subcontract Costs - meaning the costs of subcontracts incurred in the direct performance of the Statement of Work.

Direct Material Costs - meaning the cost of materials used in the direct performance of the Statement of Work.

- i. These materials may include, in addition to materials purchased solely for the performance of the Statement of Work and processed by the Contractor, any other materials issued from the Contractor's general stocks.
- ii. Materials purchased solely for the performance of the Statement of Work must be charged at the net laid-down cost to the Contractor after cash discounts for prompt payment.
- iii. Materials issued from the Contractor's general stocks must be charged in accordance with the method as used consistently by the Contractor in pricing material inventories.

Equipment Costs – meaning the portion of costs of equipment used in the direct performance of the Statement of Work and purchased by the Contractor on behalf of Canada. These include costs of tools, personal safety and protective gear, testing equipment and general building equipment, including ladders, portable generators, compressors, window cleaning equipment, hydraulic lifts and vehicles.

Travel and Living Costs - meaning the cost of travel and living incurred in the direct performance of the Statement of Work. Applicable Travel and Living costs are limited in accordance with the meal, private vehicle and incidental expenses provided in Appendices B, C and D of the National Joint Council Travel Directive (<http://www.njc-cnm.gc.ca/directive/travel-voyage/index-eng.php>), and with the other provisions of the directive referring to “travelers” rather than those referring to “employees”.

Taxes – meaning the costs of Goods and Services Tax, Harmonized Sales Tax and Provincial Sales Tax incurred in the direct performance of the Statement of Work.

Building License, Certificate and Permit Costs – meaning the costs of building licenses, certificates and permits incurred in the direct performance of the Statement of Work.

Training Costs – meaning the cost of training staff on new building systems and equipment, installed during the term of the Contract.

Utility Costs – meaning the amounts paid, on behalf of Canada, for utilities used in the direct performance of the Statement of Work such as energy, hydro and natural gas.

## **2.1.4 Non-Allowable Costs**

Despite that the following costs may have been reasonable and properly incurred by the Contractor in the performance of the Statement of Work, they are considered Non-Allowable Costs and are not reimbursable to the Contractor. All Non-Allowable Costs as well as overhead and profit are included in the fees as described in clause 2.2 Fees. The following are Non-Allowable Costs:

- All costs, including indirect labour and subcontract costs, related to performance of Work which is overhead in nature and is required to facilitate the delivery of direct services. These include but are not limited to:

- 1) Costs related to human resources functions such as recruitment, hiring, training, employee support and compensation;
- 2) Costs related to financial and accounting functions;
- 3) Costs related to development and maintenance of IM/IT systems;
- 4) Costs related to operation of IM/IT systems;
- 5) Costs related to legal services;
- 6) Costs related to administrative support;
- 7) Costs related to information systems data entry;
- 8) Costs related to subcontract management such as preparation of contract documents, tendering, evaluation and award, dispute resolution and subcontract administration including payment of subcontractors' and suppliers' invoices;
- 9) Costs to resolve disputes with Canada or third parties;
- 10) Costs related to the development or maintenance of the Contractor's policies and procedures;
- 11) Costs related to the set-up and implement the Contractor's quality management system including operational costs such as obtaining certifications, third party audits and development of quality assurance tools such as checklists and surveys.
- 12) Costs of IM/IT hardware, firmware and software and related costs including software licenses, internet service, websites, computers, notebooks, peripherals, and servers;
- 13) Costs of telecommunications equipment and services including telephones, fax machines, mobile and personal communication devices such as smartphones, tablets and accessories;
- 14) Federal and provincial income taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes;
- 15) All insurance costs;
- 16) All costs related to Contract Financial Security;
- 17) Cost of Contractor's office space including expenses of a general nature such as power, heat, light, operation and maintenance, and recurring charges such as property taxes, rentals and depreciation costs;
- 18) Cost of Contractor's office furniture and office equipment;
- 19) Advertising;
- 20) Entertainment and hospitality expenses;
- 21) Costs related to licenses, dues, memberships, professional fees and subscriptions;
- 22) Uniform costs;

- 23) General and administrative expenses: including remuneration of executive and corporate officers, office wages and salaries and expenses such as stationery, office supplies, postage, and other necessary administration and management expenses;
- 24) Selling, marketing and promotional expenses associated with the goods, services or both being acquired under the Contract;
- 25) Any other costs, related to any or all Work, not specifically identified as an Allowable Cost in clause 2.1.3 Allowable Costs.

## **2.2 Fees**

### **2.2.1 Fees – General**

The Fees described in clauses 2.2.2 to 2.2.7 are payable to the Contractor. No other fees are payable to the Contractor. The Fees are inclusive of all overhead and profit and any Non-Allowable Costs incurred in the performance of the Contract.

### **2.2.2 Monthly Management Fee**

2.2.2.1 The Contractor will be paid an all inclusive monthly lump-sum Management Fee.

2.2.2.2 The Management Fee will be paid to the Contractor for Work authorized by the Technical Authority or designated Tenant Authority, in accordance with Annex “K” Work Authorization Process and completed in accordance with all sections of Annex “B” Statement of Work other than sections 2.4 Project Delivery Services and 2.5 Optional Services.

2.2.2.3 The Contractor’s Management Fee is:  $\$(\text{Per Bid Form})/\text{month}$ .

2.2.2.4 The Management Fee is payable for each month from the Operational Start Date of the Contract to the Operational End Date of the Contract. The Management Fee is not payable during the period between contract award and the Operational Start Date or the period from Operational End Date to Contract Completion Date.

2.2.2.5 The Management Fee is subject to an annual inflation adjustment as of April 1, 2017. The adjustment shall be 75% of the increase in the applicable Consumer Price Index (CPI) calculated over the previous year. By way of example, if the CPI for the period April 1, 2016 to March 31, 2017 is 2.0% as reported by Statistics Canada, then the Management Fee for the subsequent annual period (April 1, 2017-March 31, 2018) shall be increased by 1.5%. Any subsequent adjustments will be calculated on the most recent previous Management Fee. Where the CPI rate is a negative value, it shall be treated as zero for the purposes of this adjustment.

2.2.2.6 The Management Fee is subject to a volume adjustment when assets are added or removed from the Contract.

2.2.2.7 The Management Fee Adjustment Rate is:  $(\text{To be calculated per Bid Form})\%$ \*

*\* Note to bidders (This note will be removed at contract award): A Management Fee Adjustment Rate will be determined by dividing the Total Expected Management Fee (Management Fee #1 x 7.5 months + Management Fee #2 x 36 months) by the total estimated Operational Baseline for Property Management Services, as provided in the RFP document (\$226.5M).*

- 2.2.2.8 Prior to the addition or removal of assets, a Management Fee Adjustment Amount will be negotiated between the Contractor and Canada by multiplying the Management Fee Adjustment Rate by the agreed estimated Property Management Operating Baseline of the assets to be added or removed assets. The appropriate Property Management Operating Baseline will be agreed with consideration of the recent historical operating costs of the assets to be added or removed. The resulting amount will be added to/subtracted from the current Management Fee to calculate the adjusted Management Fee.

Management Fee Adjustment Amount = Management Fee Adjustment Rate x Agreed Estimated PMS Operating Baseline for added/removed inventory.

Adjusted Management Fee = Management Fee + Management Fee Adjustment Amount

- 2.2.2.9 The adjusted Management Fee will be payable as of the first full month following the Transition Operational Start Date when inventory is added, or the Transition Operational End Date when inventory is removed.

### **2.2.3 Project Delivery Services (PDS) Fee**

- 2.2.3.1 The Contractor will be paid an all-inclusive percentage based PDS Fee.
- 2.2.3.2 The PDS Fee will be paid to the Contractor for Work authorized by the Technical Authority or designated Tenant Authority, in accordance with Annex "K" Work Authorization Process and completed in accordance with Annex "B" Statement of Work, section 2.4 Project Delivery Services.
- 2.2.3.3 The Contractor's percentage rate for PDS is: (*Per Bid Form*) %
- 2.2.3.4 The payable PDS Fee will be calculated by multiplying the percentage rates by the final Allowable Costs, for each individual Work Authorization completed by the Contractor.

### **2.2.4 Optional Property Management Related Services - Facilities Management Services (FMS) Fee**

- 2.2.4.1 Where the option has been exercised in writing by the Contracting Authority, a FMS Fee will be paid to the Contractor for Work authorized by the Technical Authority or designated Tenant Authority, in accordance with Annex "K" Work Authorization Process and completed in accordance with Annex "B" Statement of Work, section 2.5.2, Optional Property Management Related Services - Facilities Management Services.

- 2.2.4.2 The Contractor's percentage rate for FMS is: (*To be inserted upon agreement*) %\*

\* This rate will be a negotiated all-inclusive percentage rate as agreed between Canada and the Contractor. The maximum rate will be no greater than the Contractor's percentage rate for PDS Fee.

- 2.2.4.3 The payable FMS Fee will be calculated by multiplying the percentage rate by the final Allowable Costs, for each individual Work Authorization completed by the Contractor.

### **2.2.5 Optional Property Management Related Services - Asset Management Plans and Building Condition Reports (AMP-BCR) Fee**

- 2.2.5.1 Where the option has been exercised in writing by the Contracting Authority, the AMP-BCR Fee will be paid to the Contractor for Work authorized by the Technical Authority, in accordance with

Annex “K” Work Authorization Process and completed in accordance with Annex “B” Statement of Work, section 2.5.3, Optional Property Management Related Services - Asset Management Plans and Building Condition Reports.

2.2.5.2 The Contractor’s percentage rate for AMP-BCR is : (Per Bid Form)%\*

*\* Note to bidders (This note will be removed at contract award): The Contractor’s percentage rate for AMP-BCR is equal to the Contractor’s percentage rate for PDS.*

2.2.5.3 The payable AMP-BCR Fee will be calculated by multiplying the percentage rate by the final Allowable Costs, for each individual Work Authorization completed by the Contractor.

## **2.2.6 Optional Project Delivery Related Services (OPDS) Fee – Projects over \$1,000,000**

2.2.6.1 Where the option has been exercised in writing by the Contracting Authority, the OPDS Fee will be paid to the Contractor for Work authorized by the Technical Authority, in accordance with Annex “K” Work Authorization Process and completed in accordance with Annex “B” Statement of Work, section 2.5.4, Optional Project Delivery Related Services (OPDS) – Projects over \$1,000,000.

2.2.6.2 The Contractor’s percentage rates for OPDS are as follows:

- Project with Allowable Costs in the range \$1M but less than \$20M: (Per Bid Form)%
- Project with Allowable Cost \$20M or greater: (To be inserted upon agreement)%\*

\* This rate will be a negotiated all-inclusive percentage rate as agreed between Canada and the Contractor. This rate may be negotiated for several ranges of project dollar value, or even for individual projects. The maximum rate will be no greater than the Contractor’s percentage rate for OPDS “Project with Allowable Cost \$1M but less than \$20M”.

2.2.6.3 The payable OPDS Fee will be calculated by multiplying the percentage rate by the final Allowable Costs, for each individual Work Authorization completed by the Contractor.

## **2.2.7 Optional Commercial Operations Related Service – Leasing Fee**

2.2.7.1 Where the option has been exercised in writing by the Contracting Authority, a Leasing Fee will be paid to the Contractor for Work in accordance with Annex “B” Statement of Work, section 2.5.5, Optional Commercial Operations Related Service – Leasing.

2.2.7.2 The Leasing Fee will be a negotiated all-inclusive fee as agreed between Canada and the Contractor.

## **2.2.8 Contractor Incentive Program**

2.2.8.1 On an annual basis, a Contractor Incentive Program discretionary reward may be made available to the Contractor’s in recognition of significant contribution to the achievement of outstanding results in the pursuit of Government of Canada targets and priorities or the discharge by Canada of its Departmental mandate. The targets for the Contractor Incentive Program are established by Canada, at Canada’s sole discretion, and authorized by both the Technical and Contracting Authorities.

2.2.8.2 The Contractor may be paid a Contractor Incentive Program annual award. The award will be no greater than 10% of the total of all Fees earned in a given fiscal year.

### **3. Method of Payment**

3.1 Payment under this Contract will be made on a monthly basis in accordance with procedures as further described in this Article.

3.2 Provided that the Contractor has complied with all terms and conditions, the claim will be paid within 30 days of receipt and acceptance by PWGSC. Each monthly claim shall show the details described below.

3.2.1 For Work Authorizations issued by the Technical Authority in accordance with all sections of the Statement of Work other than sections 2.4 Project Delivery Services and 2.5 Optional Services, show a line item for Allowable Costs and a line item for Management Fee. The payment of Allowable Costs will be based on a milestone payment schedule as approved by the Technical Authority. The Contractor shall be paid the Allowable Costs for that month, together with the Management Fee, less the performance fee portion.

3.2.2 For Work Authorizations issued by the Technical Authority, for tenant service work in accordance with all sections of the Statement of Work other than sections 2.4 Project Delivery Services and 2.5 Optional Services, show a line item for Allowable Costs only. The claim shall not include any Fees. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. The Contractor shall be paid the Allowable Costs for that month, for each Work Authorization.

3.2.3 For Work Authorizations valued \$5,000 - \$25,000 issued by the Technical Authority in accordance with section 2.4 Project Delivery Services, other than Tenant Service Projects, show a line item for Allowable Costs and a line item for Project Delivery Services Fee. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. The Contractor shall be paid the Allowable Costs for that month together with the Project Delivery Services Fee, less the performance fee portion.

3.2.4 For Work Authorizations valued \$25,000 - \$1,000,000, issued by the Technical Authority in accordance with section 2.4 Project Delivery Services, other than Tenant Service Projects, show a line item for Allowable Costs and a line item for Project Delivery Services Fee. Together with the claim for payment, the Contractor will present to the Technical Authority the Project Invoicing Detail Report showing a percentage completion for each Work Authorization up to the last day of the previous month. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. The Project Delivery Services Fee will be applied to the status of the Work performed to date. The Contractor shall be paid the Allowable Costs for each Work Authorization, together with the associated Project Delivery Services Fee, less the performance fee portion.

3.2.5 For Work Authorizations issued by the Technical Authority, for tenant service projects in accordance with section 2.4 Project Delivery Services, show a line item for Allowable Costs and a line item for Project Delivery Services Fees. Together with the claim for payment, the Contractor will present to the Technical Authority the Project Invoicing Detail Report showing a percentage completion for each Work Authorization up to the last day of the previous month. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. The Project Delivery Services Fee will be applied to the status of the Work



performed to date. The Contractor shall be paid the Allowable Costs for each Work Authorization, together with the associated Project Delivery Services Fee

- 3.2.6 For Work Authorizations issued by the Technical Authority, in accordance with clause 2.5 Optional Services, show a line item for Allowable Costs and a line item for applicable Fees, for each Optional Service. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. Applicable Fees will be applied to the status of the Work performed to date. The Contractor shall be paid the Allowable Costs for that month, for each Work Authorization, together with the associated Fees, less the performance fee portion.
- 3.2.7 For Work Authorizations issued by the Technical Authority, for tenant service work in accordance with clause 2.5 Optional Services, show a line item for Allowable Costs and a line item for applicable Fees, for each Optional Service. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Technical Authority. Applicable Fees will be applied to the status of the Work performed to date. The Contractor shall be paid the Allowable Costs for that month, for each Work Authorization, together with the associated Fees.
- 3.2.8 For Work Authorizations issued by a Designated Tenant Authority, the Contractor shall submit a claim for payment directly to the Tenant.
- 3.2.9 For Work Authorizations issued by a Designated Tenant Authority in accordance with all sections of the Statement of Work other than sections 2.4 Project Delivery Services and 2.5 Optional Services, show a line item for Allowable Costs only. The claim shall not include any Fees. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Designated Tenant Authority. The Contractor shall be paid the Allowable Costs for that month, for each Work Authorization.
- 3.2.10 For Work Authorizations issued by a Designated Tenant Authority in accordance with clause 2.4 Project Delivery Services, show a line item for Allowable Costs and a line item for Project Delivery Services Fees. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Designated Tenant Authority. The Project Delivery Services Fee will be applied to the status of the Work performed to date. The Contractor shall be paid the Allowable Costs for each Work Authorization, together with the associated Project Delivery Services Fee.
- 3.2.11 For Work Authorizations issued by a Designated Tenant Authority in accordance with clause 2.5 Optional Services the claim shall show a line item for Allowable Costs and a line item for applicable Fees, for each Optional Service. The payment of Allowable Costs will be based on the status of Work performed to date and a milestone payment schedule as approved by the Designated Tenant Authority. Applicable Fees will be applied to the status of the Work performed to date. The Contractor shall be paid the Allowable Costs together with the associated Fees.

#### **4. Invoicing Process**

- 4.1 The Contractor shall submit a claim for payment to the Technical Authority on the 5th day of each month, bearing invoice #/A, for payment.
- 4.2 On April 1st of each year, the Contractor will submit to the Technical Authority an itemized preliminary final invoice, bearing invoice #/B, as the last monthly invoice for the previous Fiscal Year which comprises the progress claim for Project Delivery Services and Optional Project Delivery Services to March 31st of the previous Fiscal Year, as well as any update to actual

Allowable Costs for all other services. It will also include the final billing for all tenant service projects in the previous Fiscal Year.

- 4.3 On October 5th of each year and after acceptance of the Cost Submission pursuant to clause 6.0 Cost Submission and Records, the Contractor will submit to the Technical Authority an itemized final invoice for the previous Fiscal Year, bearing invoice #/C, comprised of all final Allowable Costs and all applicable Fees for all services. The Contractor will remit to PWGSC any credit balances due with invoice #/C. There shall be no further claims other than for Performance Fees and Contractor Incentive Program awards after this date.
- 4.4 On November 5th of each year, the Contractor will submit to PWGSC the final fee invoice bearing #/D for payment of the performance portion of the Fees for the previous Fiscal Year and any Contractor Incentive Program award, as directed by Canada. There shall be no other invoice or claims after this date.

## 5. Performance Fee Payment

- 5.1 While the Contractor's Fees, as set out in clause 2.0 Basis of Payment, are to be shown for the full amount on invoices, they are payable at 85% of the Fee component of the approved claim for payment with the remaining 15% of the Fees payable at the end of the fiscal year, subject to the Contractor's performance determined in accordance with Performance Measurement Framework described within the Statement of Work. This latter 15% of the Fees is the performance fee portion for each of the Fees and is further apportioned in relation to each applicable Key Performance Indicator as set out in Statement of Work.
- 5.2 The performance fee portion payable to the Contractor for each of the Fees is determined by correlation to the Contractor's performance during the preceding year as reflected by Key Performance Indicator scores. The full performance fee for a Key Performance Indicator is payable to the Contractor provided the Contractor obtains a score of 80 or more for that Key Performance Indicator (KPI).

5.3 Table - Property Management Services Performance Fee Determination

PMS KPIs	Available Points	Minimum Required Points	Available PMS Performance Fee
Asset Integrity	100	80	7%
Satisfaction	100	80	5%
Financial	100	80	3%
		Total	15%

5.4 Table - Project Delivery Services and Optional Project Delivery Services Performance Fee Determination

PDS KPIs	Available Points	Minimum Required Points	Available PDS Performance Fee
Asset Integrity	100	80	5%
Satisfaction	100	80	7%

Financial	100	80	3%
		Total	15%

## 5.5 Table - Optional Commercial Leasing Services Performance Fee Determination

OCLS KPIs	Available Points	Minimum Required Points	Available OCLS Performance Fee
Satisfaction	100	80	7.5%
Financial	100	80	7.5%
		Total	15%

## 6. Cost Submission and Records

- 6.1 Within 90 days after Contract award the Contractor shall prepare and submit a Cost Submission Template, showing the level of detail and format to be used for the Contractor's Cost Submission, for approval by the Technical Authority and the Contracting Authority.
- 6.2 The Contractor shall prepare and submit as soon as possible but no later than September 30 of each year, a Cost Submission in accordance with the approved template, for the fiscal period ending March 31st, to the Technical Authority and the Contracting Authority. Said Cost Submission will support the identification of amounts owing to the Contractor or any credit amount due to PWGSC at invoice #/C.
- 6.3 The cost submission shall be a statement of the actual Allowable Costs which were reasonably and properly incurred, as set out in the Basis of Payment, for the Work performed under the terms of this Contract.
- 6.4 The cost submission shall be signed and certified by a third party auditor and shall contain a breakdown of each cost element.
- 6.5 Supporting information for each element of cost shall be available and shall be in sufficient detail that a Government audit can be carried out if required. PWGSC reserves the right to reject the Cost Submission based on its audited findings.

### 6.6 Reconciliation of Payments to Actual Costs

- 6.6.1 Allowable Costs and Fees paid to the Contractor will be reconciled to the actual Allowable Costs incurred and Fees earned in the performance of the Contract. The reconciliation process will include but may not be limited to the following steps:
  - 6.6.1.1 For Individual Work Authorizations issued in accordance with the Work Authorization Process, there will be reconciliation between the Allowable Costs and Fees paid to the Contractor and the itemized final estimate of all Allowable Costs and Fees of completing the Work of each Work Authorization.

This reconciliation will, at a minimum:

- a) confirm that costs paid are Allowable Costs;
- b) confirm that Direct Subcontract Costs paid equal Direct Subcontract Costs incurred;
- c) confirm that, where applicable, rates used for the estimation of Direct Labour or other Allowable Costs are equal to agreed rates;

- d) confirm that the level of effort (hours) used for the estimation of Direct Labour Costs are equal to level of effort (hours) actually expended;
- e) confirm that the Fees paid are appropriate and are based on the final estimate of Allowable Costs.

6.6.1.2 For all payments made to the Contractor, pursuant to invoices, there will be reconciliation between the total of Allowable Costs and Fees paid to the Contractor and actual Allowable Costs incurred and Fees earned in the performance of the Contract as demonstrated by the Contractor's Cost Submission accepted by Canada. The reconciliation will support the identification of amounts owing to the Contractor or any credit amount due to PWGSC at invoice #/C.

This reconciliation will, at a minimum:

- a) confirm that costs paid are Allowable Costs;
- b) confirm that cost reimbursed through payment equal actual Allowable Costs incurred.  
This will include but may not be limited to:
  - i. Confirm that Direct Subcontract Costs paid equal Direct Subcontract Costs incurred;
  - ii. confirm that Direct Labour Costs paid equal Direct Labour Costs incurred;
  - iii. confirm that Travel Costs paid equal Travel Costs incurred;
  - iv. etc.
- c) confirm that Fees paid are appropriate and are based on the actual Allowable Costs incurred.