



ATTACHMENT 2 – DRAFT CONTRACT CLAUSES

The following are draft clauses and conditions that may form part of any contract resulting from the Call for Proposals solicitation. Canada reserves the right to negotiate, modify and/or add any contract terms and conditions.

7.1 Statement of Work

The Contractor must perform the Work in accordance with the Statement of Work at Annex ____ and the Contractor's technical bid entitled _____, dated _____.

7.1.1 Optional Phase 2 Work

The Contractor grants to Canada the irrevocable option to amend the contract to include the Phase 2 Work for prototype development. Proposal submission, evaluation and selection will be in accordance with sections 4.5 and 4.6 of the Call for Proposals document (EN578-170003/B). The Phase 2 Statement of Work and Basis of Payment will be developed and appended to the Contract at Annexes __ and __ respectively. The optional Phase 2 Work may only be exercised by the Contracting Authority and will be evidenced, for administrative purposes only, through a contract amendment or a separate contract.

7.1.2 Work Authorization

Despite any other condition of the Contract, the Contractor is only authorized to perform the Work required to complete (Phase or Task) of the Contract at a cost not to exceed \$____. Upon completion of (Phase or Task) the Work will be reviewed before the Contractor is authorized to commence any Work for (Phase or Task). Depending on the results of the review and evaluation of the Work, Canada will decide at its discretion whether to continue with the Work.

If Canada decides to continue with (Phase or Task), the Contracting Authority will advise the Contractor in writing to commence work on (Phase or Task). The Contractor must immediately comply with the notice.

If Canada decides not to proceed with (Phase or Task), the Contracting Authority will advise the Contractor in writing of the decision and the Contract will be considered completed at no further costs to Canada. In no event will the Contractor be paid for any cost incurred for unauthorized work.

7.2 Standard Clauses and Conditions

All clauses and conditions identified in the Contract by number, date and title are set out in the [Standard Acquisition Clauses and Conditions Manual](https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual)(<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>) issued by Public Works and Government Services Canada.

7.2.1 General Conditions

[2040](#) (2016-04-04), General Conditions - Research & Development, apply to and form part of the Contract.



7.2.2 Supplemental General Conditions

One or more of the following supplemental general conditions **may** apply to and form part of the Contract:

- 4001 (2015-04-01), Hardware Purchase, Lease and Maintenance
- 4002 (2010-08-16), Software Development or Modification Services
- 4003 (2010-08-16), Licensed Software
- 4004 (2013-04-25), Maintenance and Support Services for Licensed Software
- 4005 (2012-07-16), Telecommunications Services and Products
- 4008 (2008-12-12), Personal Information

7.2.3 SACC Manual Clauses

The following SACC Clauses **may** apply to and form part of the Contract:

- A9041C (2008-05-12), Salvage
- A9113C (2014-11-27), Handling of Personal Information
- D3010C (2016-01-28), Delivery of Dangerous Goods / Hazardous Products
- A9016C (2014-06-26), Hazardous Waste Disposal - Specific Requirements
- A9019C (2011-05-16), Hazardous Waste Disposal
- A9015C (2011-05-16), Experimental Animals
- A9122C (2008-05-12), Protection and Security of Data Stored in Databases

7.3 Security Requirements

Security Requirements, if applicable, will be determined by the Challenge Department based on the Statement of Work.

7.4 Period of the Contract

The period of the Contract is from date of Contract to _____ inclusive. OR

7.5 Comprehensive Land Claims Agreements (CLCAs)

The Contract is subject to the following Comprehensive Land Claims Agreement(s): *TBD*

7.6 Authorities

7.6.1 Contracting Authority (Public Works and Government Services Canada)

The Contracting Authority for the Contract is: *TBD*

The Contracting Authority is responsible for the management of the Contract and any changes to the Contract must be authorized in writing by the Contracting Authority. The Contractor must not perform work in excess of or outside the scope of the Contract based on verbal or written requests or instructions from anybody other than the Contracting Authority.



7.6.2 Technical Authority (Challenge Sponsoring Department)

The Technical Authority for the Contract is: *TBD*

The Technical Authority is the representative of the department or agency for whom the Work is being carried out under the Contract, provides the funding and is responsible for all matters concerning the technical content of the Work under the Contract. Technical matters may be discussed with the Technical Authority; however, the Technical Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority

7.6.3 Program Authority (Innovative Solutions Canada)

The Program Authority for the Contract is: *TBD*

The Program Authority is the representative of the Innovative Solutions Canada program. The Program Authority is responsible for the delivery of the program; however, the Program Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority

7.6.4 Contractor's Representative

The Contractor's Representative for the Contract is: *TBD*

7.7 Proactive Disclosure of Contracts with Former Public Servants

SACC Manual Clause [A3025C](#) (2013-03-21)

7.8 Payment

7.8.1 Basis of Payment

Option 1

In consideration of the Contractor satisfactorily completing all of its obligations under the Contract, the Contractor will be paid a firm price, as specified in Annex ____ for a cost of \$ *to be determined*. Customs duties are included and Applicable Taxes are extra.

Canada will not pay the Contractor for any design changes, modifications or interpretations of the Work, unless they have been approved, in writing, by the Contracting Authority before their incorporation into the Work.

Option 2

The Contractor will be reimbursed for the costs reasonably and properly incurred in the performance of the Work as determined in accordance with the Basis of Payment in Annex ____, to a ceiling price of \$ *to be determined*. Customs duties are included and Applicable Taxes are extra.



The ceiling price is subject to downward adjustment so as not to exceed the actual costs reasonably incurred in the performance of the Work and computed in accordance with the Basis of Payment.

7.8.2 Limitation of Price

SACC Manual Clause [C6000C](#) (2011-05-16), Limitation of Price

7.8.3 Method of Payment

7.8.3._ Progress Payments

1. Canada will make progress payments in accordance with the payment provisions of the Contract, no more than once a month, for cost incurred in the performance of the Work up to ____ percent of the amount claimed and approved by Canada if:
 - (a) an accurate and complete claim for payment using form PWGSC-TPSGC 1111(<http://www.tpsgc-pwgsc.gc.ca/app-acq/forms/documents/1111.pdf>), Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
 - (b) the amount claimed is in accordance with the Basis of payment;
 - (c) the total amount for all progress payments paid by Canada does not exceed ____ percent of the total amount to be paid under the Contract;
 - (d) all certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives.
2. The balance of the amount payable will be paid in accordance with the payment provisions of the Contract upon completion and delivery of all work required under the Contract if the Work has been accepted by Canada and a final claim for the payment is submitted.
3. Progress payments are interim payments only. Canada may conduct a government audit and interim time and cost verifications and reserves the right to make adjustments to the Contract from time to time during the performance of the Work. Any overpayment resulting from progress payments or otherwise must be refunded promptly to Canada.

7.8.3._ Milestone Payments

Canada will make milestone payments in accordance with the Schedule of Milestones detailed in Annex ____ and the payment provisions of the Contract if:

- (a) an accurate and complete claim for payment using form PWGSC-TPSGC 1111 (<http://www.tpsgc-pwgsc.gc.ca/app-acq/forms/documents/1111.pdf>), Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
- (b) all the certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives;



- (c) all work associated with the milestone and as applicable any deliverable required has been completed and accepted by Canada.

7.8.4 SACC Manual Clauses

A9117C (2007-11-30), T1204 - Direct Request by Customer Department
C0305C (2014-06-26), Cost Submission

7.8.5 Discretionary Audit

SACC Manual Clause C0101C (2010-01-11), Discretionary Audit - Non-commercial Goods and/or Services
SACC Manual Clause C0705C (2010-01-11), Discretionary Audit

7.8.6 Time Verification

SACC Manual Clause C0711C (2008-05-12), Time Verification

7.9 Invoicing Instructions - Progress Claim

1. The Contractor must submit a claim for progress payment using form PWGSC-TPSGC 1111 (<http://www.tpsgc-pwgsc.gc.ca/app-acq/forms/documents/1111.pdf>), Claim for Progress Payment.

Each claim must show:

- (a) all information required on form PWGSC-TPSGC 1111;
- (b) all applicable information detailed under the section entitled "Invoice Submission" of the general conditions;
- (c) a list of all expenses;
- (d) the description and value of the milestone claimed as detailed in the Contract.

Each claim must be supported by:

- (a) a copy of time sheets to support the time claimed;
 - (b) a copy of the invoices, receipts, vouchers for all direct expenses, and all travel and living expenses;
 - (c) a copy of the monthly progress report.
2. Applicable Taxes must be calculated on the total amount of the claim before the holdback is applied. At the time the holdback is claimed, there will be no Applicable Taxes payable as it was claimed and payable under the previous claims for progress payments.
 3. The Contractor must prepare and certify an original claim on Form PWGSC-TPSGC 1111, and forward it to the Contracting Authority for certification in an electronic format to the electronic mail address identified under section entitled "Authorities" of the Contract. Portable Document



Format (.pdf) format is acceptable. The Contracting Authority will then forward the certified claim, in an electronic format, to the Technical Authority for appropriate certification after inspection and acceptance of the Work takes place, and onward submission to the Payment Office for the remaining certification and payment.

4. The Contractor must not submit claims until all work identified in this claim is completed.

7.10 Certifications and Additional Information

7.10.1 Compliance

Unless specified otherwise, the continuous compliance with the certifications provided by the Contractor in its bid or precedent to contract award, and the ongoing cooperation in providing additional information are conditions of the Contract and failure to comply will constitute the Contractor in default. Certifications are subject to verification by Canada during the entire period of the Contract.

7.10.2 Federal Contractors Program for Employment Equity - Default by the Contractor

The Contractor understands and agrees that, when an Agreement to Implement Employment Equity (AIEE) exists between the Contractor and Employment and Social Development Canada (ESDC)-Labour, the AIEE must remain valid during the entire period of the Contract. If the AIEE becomes invalid, the name of the Contractor will be added to the "[FCP Limited Eligibility to Bid](#)" list. The imposition of such a sanction by ESDC will constitute the Contractor in default as per the terms of the Contract.

7.10.3 SACC Manual Clauses

A3000C (2014-11-27), Aboriginal Business Certification (if applicable)
A3060C (2008-05-12), Canadian Content Certification

7.11 Applicable Laws

The Contract must be interpreted and governed, and the relations between the parties determined, by the laws in force in _____.

7.12 Priority of Documents

If there is a discrepancy between the wording of any documents that appear on the list, the wording of the document that first appears on the list has priority over the wording of any document that subsequently appears on the list.

- (a) the Articles of Agreement;
- (b) the supplemental general conditions _____;
- (c) the general conditions 2040 (2016-04-04), General Conditions – Research & Development;
- (d) Annex __, Statement of Work;
- (e) Annex __, Basis of Payment;



- (f) Annex __, Security Requirements Check List (if applicable);
- (g) the Contractor's bid dated _____, as clarified on _____ *or*, as amended on _____.

7.13 Defence Contract (if applicable)

SACC Manual clause [A9006C](#) (2012-07-16) Defence Contract

7.14 Foreign Nationals (Canadian Contractor)

SACC Manual clause A2000C (2006-06-16), Foreign Nationals (Canadian Contractor)

7.15 Insurance

SACC Manual clause G1005C (2016-01-28), Insurance

7.16 Communications Notification

As a courtesy, the Government of Canada requests that the Contractor notify the Contracting Authority ten business days in advance of their intention to make public an announcement related to this contract award. A copy of the draft announcement should be provided. Canada will review the draft announcement and may request revisions. The Government of Canada retains the right to make primary contract announcements.

Applicable Contract Annexes

Annex “A” – Statement of Work

The Statement of Work will be generated based on the proposal in collaboration between ISC, the Challenge Department and the Bidder.

Annex “B” – Basis of Payment

The Basis of Payment will be negotiated in accordance with the Bidder’s financial proposal and the Statement of Work.

Annex “C” – Security Requirements Check List (if applicable)

For information, see: <https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/2/50/5>.



Annex A – Draft Statement of Work (SOW)

1. Challenge Being Addressed

To be determined (TBD)

2. Phase: 1 or 2

TBD

3. Objective

TBD

4. Tasks and Deliverables

Tasks

TBD

Deliverables and Due Dates

TBD

Phase 1

At minimum the Contractor will be required to provide a Final Proof of Concept Report which will include, but not limited to:

- a) Was the Contract Work /Project completed on budget, on schedule and within scope? If not, why?
- b) What were the main findings/conclusions of the work undertaken and how do they prove that your solution to the challenge is feasible? (Summary of S&T results)
- c) Identity the current TRL of the proposed solution.
- d) Has the work in Phase 1 affected the envisioned benefits to Canada as articulated in the initial bid submission? Are there new benefits that have since emerged?

Additional instructions and details may be provided to the Contractor at contract award.

One copy of the Report must be sent to the Technical Authority and the Project Authority.

For the ISC definition of proof of concept, please visit the [ISC website](#).



Phase 2

At minimum the Contractor will be required to provide a Final Report and deliver all components and prototypes developed under the Contract to Canada.

The Final Report will include, but not limited to:

- a) Was the Contract Work /Project completed on budget, on schedule and within scope? If not, why?
- b) What were the main findings/conclusions of the work undertaken and how do they prove that your solution to the challenge is feasible? (Summary of S&T results)
- c) Identify the current TRL of the proposed solution.
- d) Identify all components and prototypes developed under the contract.

Additional instructions and details may be provided to the Contractor.

One copy of the Report must be sent to the Technical Authority and the Project Authority.

For the ISC definition of prototype, please visit the [ISC website](#).

Program Surveys

As a condition of the program, the Contractor is required to respond to short surveys from the ISC Secretariat for up to five years after passing through ISC. The results of the surveys will feed into the measurement of performance indicators through the reporting requirements of the ISC program. This obligation survives the expiry of the contract until completed or the Contractor ceases to exist.

5. Meetings

The Contractor will participate in the following meetings in person or via telecom, as indicated.

TBD

Refer to the challenge notice for anticipated meeting dates and locations.

6. Location of Work

Apart from the Meeting locations indicated above, the Contractor will perform the Work, including Travel and Living, in the following location(s): *TBD*

7. Language of Work



The resulting Contract will require Work to be performed in either or both of the Official Languages of Canada. *TBD*

8. Government Furnished Property (Materiel or Equipment or Information)

TBD

9. Glossary

The following terms are used in this SOW and have the definitions assigned to them below:

TBD

10. Reference Documents

The following documents form part of the Contract:

TBD