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# Procurement Administration Manual (PAM)

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<b>Application</b>	The instructions herein apply to all employees of the Department of National Defence ("DND employees"), as well as to all officers and non-commissioned members of the Canadian Armed Forces ("CAF members").
<b>Supersession</b>	Not Applicable
<b>Approval Authority</b>	This document is issued under the authority of the Assistant Deputy Minister (Materiel) (ADM(Mat)).
<b>Enquiries</b>	Enquiries are to be forwarded to Director, Materiel Policy and Procedures (DMPP 4) <a href="mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat) DMPP@Ottawa-Hull">+Questions-Procurement-Contracting-Policy@ADM(Mat) DMPP@Ottawa-Hull</a>

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Date	Revision	Description	Author(s)
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August 2017	Rev 81 to release 1.0	Added: 2.10; 3.2.16 Changes to: 1.10; 3.2.17; 3.3.1.5; 4.4.1; 4.4.2; 5.10; 11 Deletion of sections: 4.4.1.3; 4.4.1.4; 4.4.1.5; 4.4.1.6; 4.4.3 <a href="#">Summary</a>	DMPP 4
July 2017	Rev 80 to release 1.0	Changes to: 2.6.5.2.1; Annex 2.6.C; 3.1.1.1.3.3; 3.1.1.1.3.5; Annex 3.1.B; 3.2.11; 3.3.2.2; 3.3.1.11; 3.3.9.5; 3.3.10.4; 3.3.11.3.12; 3.3.11.6; Annex 3.3.11.A; 3.3.12.3.4; 3.3.16.6; 3.6.3.2.1; 4.2; 4.4.1.2; 4.4.3.1; 5.2; 5.5.2.7; 5.8.3; 14 <a href="#">Summary</a>	DMPP 4
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November 2016	Rev 74 to release 1.0	Changes to: 1.3.3; 3.2.14; 3.3.11.3; 3.4.4; 3.3.12; 5.2; 5.3.1; 5.5.2.2; 6.1; 9.0 <a href="#">Summary</a>	DMPP 4
October 2016	Rev 73 to release 1.0	Changes to: 1.3.1, 1.4, ANNEX 3.3.11.B, ANNEX 3.3.11.C-1, 4.2.2.1, 4.2.2.4; 5.8.2.1, Deletion of sections: 4.2.2.5.A <a href="#">Summary</a>	DMPP 4
August 2016	Rev 72 to release 1.0	Changes to: 1.1, 3.2 <a href="#">Summary</a>	DMPP 4
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April 2016	Rev 69 to release 1.0	Changes to: 1.3.1; 1.4.3; 3.1.8; 3.2.9.4; 3.3.9; 3.3.10; 4.2; 9; 11;13 <a href="#">Summary</a>	DMPP 4
January ;2016	Rev 68 to release 1.0	Changes to: 1.4.3; 3.2.12; 3.2.13; 3.3.9; 3.3.10; 3.3.11; 3.3.16 <a href="#">Summary</a>	DMPP 4
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Date	Revision	Description	Author(s)
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February 2015	Rev. 65 to release 1.0	Changes to: 3.2.7.10, 3.3.8.1 , 3.3.12, 3.6.3.2 <a href="#">Summary</a>	M.J. Ferland
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November 2014	Rev. 62 to release 1.0	New 4.3; 3.3.11.3.14; Changes to: 3.3.9; 3.3.10; 3.3.11; 4.2.2 <a href="#">Summary</a>	M.J. Ferland
September 2014	Rev. 61 to release 1.0	New: 3.2.7.16, 3.2.7.18 Changes to : 1.4.3, 1.4.4, 1.4.5, 1.4.8, 3.3.7, 3.3.9, 3.3.10, 3.3.11, 5.2.1 <a href="#">Summary</a>	M.J. Ferland
July 2014	Rev. 60 to release 1.0	New: 1.4.10 Changes to : 3.3.13 <a href="#">Summary</a>	M.J. Ferland
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April 2014	Rev. 58 to release 1.0	Changes to: PAM 1.4 <a href="#">Summary</a>	M.J. Ferland
March 2014	Rev. 57 to release 1.0	Changes to: PAM 2.6 <a href="#">Summary</a>	M.J. Ferland
January 2014	Rev. 56 to release 1.0	Changes to: PAM 1.4, PAM 15.12 <a href="#">Summary</a>	M.J. Ferland
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June 2013	Rev. 52 to	Changes to: TOC, 3.1, 3.3, 3.6, 4.2, 7.2.	M.J. Ferland

Date	Revision	Description	Author(s)
	release 1.0	7.5 <a href="#">Summary</a>	
May 2013	Rev. 51 to release 1.0	Changes to: 1.0, 5.0, 6.0 <a href="#">Summary</a>	M.J. Ferland
March 2013	Rev. 50 to release 1.0	Changes to: 1.0, 3.0, 5.0, 6.0, 13.0 <a href="#">Summary</a>	M.J. Ferland
February 2013	Rev. 49 to release 1.0	Changes to: TOC, 1.4, 1.8, 3.3.1, 3.3.4, 3.3.11, 3.3.17, 3.6.7 <a href="#">Summary</a>	M.J. Ferland
January 2013	Rev. 48 to release 1.0	Changes to: TOC, 1.8, 3.1.7, 3.2, 3.3.10, 3.3.11, 3.3.12, 9.0 <a href="#">Summary</a>	M.J. Ferland
November 2012	Rev. 47 to release 1.0	Changes to: 1.2, 1.4, 3.1.5, Annex 3.1 C, Annex 3.1 E, 3.2, 3.3.16.6, 3.5, 5.6, 7.0, 10.0 <a href="#">Summary</a>	M.J. Ferland
October 2012	Rev. 46 to release 1.0	Added: 1.10 Changes to: 1.8.2, 1.8.3, 2.7, 3.3.16.6, 5.1, 5.7, 5.8.4 <a href="#">Summary</a>	M.J. Ferland
September 2012	Rev. 45 to release 1.0	Added: 3.2.7.15, 5.13 Changes to: 3.2.8, 3.2.12, 3.3.9, 3.3.11, 13.0 <a href="#">Summary</a>	M.J. Ferland
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April 2012	Rev. 41 to release 1.0	Changes to: 1.4, 3.1, 3.3.9, 3.3.11, 5.8.3 Added: 13.0 <a href="#">Summary</a>	M.J. Ferland
March 2012	Rev. 40 to release 1.0	Changes to: 3.2.7.2, 3.3.2, 9.0 Added: 1.9 <a href="#">Summary</a>	M.J. Ferland
February 2012	Rev. 39 to release 1.0	Changes to: 3.3.4, 3.3.5, 3.3.10, Annex 3.3.11.D, 3.4, 10.0, 11.0 <a href="#">Summary</a>	M.J. Ferland
January 2012	Rev. 38 to	Changes to:	M.J. Ferland

Date	Revision	Description	Author(s)
	release 1.0	1.4, 2.0, 3.2, 12.0 <a href="#">Summary</a>	
December 2011	Rev. 37 to release 1.0	Changes to: Table of Contents, 3.2.7.14, 3.3, 3.3.1 <a href="#">Summary</a>	M.J. Ferland
November 2011	Rev. 36 to release 1.0	Changes to: 1.4, 11.0 <a href="#">Summary</a>	M.J. Ferland
September 2011	Rev. 35 to release 1.0	Changes to: 1.4, 1.5, 1.8, 3.2.7.4, 3.3.7, 3.3.11, 5.5 <a href="#">Summary</a>	M.J. Ferland
August 2011	Rev. 34 to release 1.0	Changes to: 3.2.12, 3.3.13, 3.1.1.1.3.4, 3.1.1.1.3.5, 3.3.14 <a href="#">Summary</a>	M.J. Ferland
July 2011	Rev. 33 to release 1.0	Added: 1.8, 3.3.16 <a href="#">Summary</a>	M.J. Ferland
June 2011	Rev. 32 to release 1.0	Changes to: 1.7, 3.2.12, 3.3, 3.3.11, 4.2 Added: 3.3.15, 5.8.7 <a href="#">Summary</a>	M.J. Ferland
May 2011	Rev. 31 to release 1.0	Changes to: 1.4 Added: 12.0 <a href="#">Summary</a>	M.J. Ferland
April 2011	Rev. 30 to release 1.0	Changes to: 1.4 <a href="#">Summary</a>	M.J. Ferland
January 2011	Rev. 29 to release 1.0	Changes to: 1.0, 1.4, 2.5, 2.6, 3.3.9, 3.3.10, 4.2, 5.2, 5.8.6 Added: 3.2.7.4, 3.2.7.5, 3.2.7.6, 3.2.7.7, 3.2.7.8, 3.2.7.10, 3.2.7.11, 3.2.7.12, 3.2.7.13, 3.3.14 <a href="#">Summary</a>	M.J. Ferland
November 2010	Rev. 28 to release 1.0	Changes to: 1.3, 1.7, 2.2, 2.3, 4.1, 4.2, 4.3, 4.4, 5.5, 5.7, 6.0, 7.0 Added: 4.4.3 <a href="#">Summary</a>	M.J. Ferland
October 2010	Rev. 27 to release 1.0	Changes to: 1.4. <a href="#">Summary</a>	M.J. Ferland
September 2010	Rev. 26 to release 1.0	Changes to: 3.1, 3.2, 3.3.1, 3.3.3, 3.3.4, 3.3.7, 5.6.3, 9.0. <a href="#">Summary</a>	M.J. Ferland
August 2010	Rev. 25 to release 1.0	Changes to: 1.4, 3.3.2, 3.3.12, 5.6.3, 10.0, 11.0 Added: 3.3.2.5, 5.8.4, 5.8.5, 5.8.6. <a href="#">Summary</a>	M.J. Ferland

Date	Revision	Description	Author(s)
July 2010	Rev. 24 to release 1.0	Changes to: 3.1, 3.3.9, 3.3.11, 3.3.12, 3.3.13, 5.8.3, 9.0 <a href="#">Summary</a>	M.J. Ferland
May 2010	Rev. 23 to release 1.0	Changes to: 3.1.1.2.2.5, 3.3.11, 3.3.11.B, 3.3.11.C-1 Added : 3.1.7, 3.3.11.C-2, 3.3.13, .1.5, 5.4.2.3, 5.8.3, 6.6. <a href="#">Summary</a>	M.J. Ferland
April 2010	Rev. 22 to release 1.0	Changes to: 1.4, 3.1 Annex 3.1.B, 9.0 <a href="#">Summary</a>	M.J. Ferland
February 2010	Rev. 20 to release 1.0	Added: 2.9	M.J. Ferland
December 2009	Rev. 19 to release 1.0	Changes to: 3.3, 3.3.4, 3.3.5, 3.3.7, 4.1, 4.4, 7.0 Added: 6.5	M.J. Ferland
November 2009	Rev. 18 to release 1.0	Changes to: 3.1.1.1.4, Figure 3.2-1 Added: 2.8	M.J. Ferland
October 2009	Rev. 17 to release 1.0	Changes to: 1.3, 3.4, 3.5, 4.2, 5.1, 6.0, 8.0 Added: 3.2.7.3, 5.1.12	M.J. Ferland
June 2009	Rev. 16 to release 1.0	Changes to: 1.5, 2.1, 2.2, 2.3, 3.2, 3.3.1, 3.3.2, 3.3.9, 3.3.10, 3.3.11 Added: 1.7, 11.0	M.J. Ferland
April 2009	Rev. 15 to release 1.0	Changes to: 3.1, 3.3.11	M.J. Ferland
December 2008	Rev. 14 to release 1.0	Changes to: 1.5, 2.1, 3.1.1.2.2, 3.1.1.2.2.6, 3.2.8-1, Annex 3.3.1.1.B, 3.3.3, 3.3.9, 4.1.1.1, 4.1.2, 5.1.2, 6.1.E, Trade Agreements Coverage Summary Chart	M.J. Ferland
September 2008	Rev. 13 to release 1.0	Changes to 1.5, 1.6, 3.2.8-1	M.J. Ferland
May 2008	Rev. 12 to release 1.0	Changes to: 1.4, 3.2.12, 3.3.7, 3.3.9.5, 3.3.11 Added: 3.2.7.2, 3.2.12, 5.1.11	M.J. Ferland
December 2007	Rev. 11 to release 1.0	Changes to 1.3, 3.1, 3.2, 3.3.1, 3.3.4, 3.3.9, 3.3.10, 3.3.11, 4.2, 4.4, 5.1.8.1 Added 3.2.7.2, 3.2.11, 5.1.11	M.J. Ferland

<b>Date</b>	<b>Revision</b>	<b>Description</b>	<b>Author(s)</b>
July 26, 2007	Rev. 10 to release 1.0	Added 3.3.12, 4.1.3, 4.3	M.J. Ferland
June 6, 2007	Rev. 9 to release 1.0	Added 1.6, 2.2, 2.4, 2.6, 3.3.5, 3.3.6, 3.3.8, 3.4, 3.5, 3.6, 4.2, 4.5, 4.6, 5.1.2, 5.1.3, 6.3, 6.4, 8.0	M.J. Ferland
May 2, 2007	Rev. 8 to release 1.0	Changes to Record of Payment form Added form for Pre-facilitated Contracts	M.J. Ferland
March 9, 2007	Rev. 7 to release 1.0	Added 2.3, 2.5, 2.7, 3.3.3, 5.1.1, 5.1.4, 5.1.5, 5.1.8.2, 5.1.9, 10	M.J. Ferland
February 2, 2007	Rev. 6 to release 1.0	Changes to 3.1.1.1.3.3 Added 1.5, 2.1, 3.2.7.1*, 4.1, 5.1.7, 6.2, 7.2, 7.3, 7.5 *Former sections 3.2.7-3.2.10 are now 3.2.8-3.2.11	M.J. Ferland
October 10, 2006	Rev. 5 to release 1.0	Changes to 1.3, 3.3.9 and 3.3.10	M.J. Ferland
September 1, 2006	Rev. 4 to release 1.0	Added 3.3.9, 3.3.10, 5.1.8.2, 6.1, 7.1, 7.4	M.J. Ferland
June 16, 2006	Rev. 3 to release 1.0	Changes to 3.1	M.J. Ferland
September 28 2005	Rev. 2 to release 1.0	Changes to 1.0, 1.4, 3.3.1, 3.3.4, 8.0 Added 3.0, 3.1, 3.3.11 and 4.4	M. Watson
May 6, 2005	Rev. 1 to release 1.0	Corrections to Table of Contents, 1.0, 1.4, 3.2.10 Added 3.3.1, 3.3.2, 3.3.4	M. Watson
February 14, 2005	1.0	First final version of the PAM	M. Thibault, T. Papoulias, M. Watson

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## 1.0 INTRODUCTION

### Context

As part of the DM Direction on Strengthening Accountability and Comptrollership in DND, ADM(Mat) tasked DMPP to develop a Procurement Administration Manual (PAM), which defines how the Procurement Authority (PA) is to conduct end-to-end procurement functions, including contracting, across DND.

### Mandate

The mandate of the Procurement Administrative Manual (PAM) is to:

- outline, in very specific detail, how procurement is to be conducted in DND to meet the assigned Accountabilities and Responsibilities Framework;
- ensure that all procurement personnel (CAF Members and Civilian Employees) use a common standard approach to procurement;
- ensure that procurement is conducted in accordance with government contracting and financial rules and regulations.

### ADM(Mat) Procurement and Contracting Authority

ADM(Mat), as the departmental functional authority and business process owner for procurement and contracting, is responsible for providing policy and procedures to outline how all procurement and contracting activities will be performed in DND. Therefore all procurement and contracting activities performed in the department must follow the policy and procedures issued by ADM(Mat) as per [CANFORGEN 134-07](#).

### 1.1 Purpose of the PAM

The purpose of the PAM is to:

- establish standard procedures for all publically funded DND/CAF procurement and contracting activities
- establish roles and responsibilities of DND/CAF procurement practitioners
- detail the end-to-end procurement process (including contracting) from the identification of the requirement until the procurement file is closed
- MMI 1355: All employees who have contracting authority over \$25K must refer to this document for instructions on how to exercise the increased delegation.

### 1.2 Acquisition, Procurement and Contracting

#### [1.2.1 What Is Procurement?](#)

#### [1.2.2 Acquisition Process vs Procurement Process vs Contracting Process](#)

#### [1.2.3 Procurement and Contracting Policy and Principles](#)

### 1.2.1 What Is Procurement?

Procurement is the process of obtaining goods and services that includes the determination of requirements and acquisition from a supply system or by purchase from the trade. The procurement process has four phases:

- a. Pre-contractual phase: Includes activities related to requirement definition and procurement planning.
- b. Contracting phase: Includes all activities from bid solicitation to contract award.
- c. Contract administration phase.: Includes activities such as progress monitoring, delivery follow-up, payment action, etc.
- d. Post-contractual phase: includes file final action (for example, client satisfaction, contractor agreement to final claim, final contract amendment, completion of financial audits, proof of delivery, return of performance bonds) and close out (for example, completeness and accuracy of file documentation and adherence to file presentation standards).

Source: [PSPC Supply Manual Glossary](#)

### 1.2.2 Acquisition Process vs Procurement Process vs Contracting Process

- a. The acquisition process includes all related activities related to the introduction of a new equipment or system (for example: procurement, contracting, project management, engineering, etc.)
- b. Procurement is a sub-process of acquisition. The procurement process begins with the identification of a requirement and the approved funding, includes all associated contracting, contract management and financial activities required to satisfy that requirement and ends when the procurement files, including associated contracting and financial activities are closed;
- c. Contracting is a sub-process of procurement. The contracting process begins with the receipt of a requisition at PSPC or the release of the RFP (when DND uses its own delegated contracting authority) and ends when all the goods/services are delivered, the invoices paid and the contract file closed.

**Note:** the procurement and contracting process model is available in [PAM 12.0](#).

### 1.2.3 Procurement and Contracting Policy and Principles

Procurement Authorities (PA) and Contracting Authorities (CA) must be guided by and understand contracting principles to avoid making incorrect decisions or committing errors that may result in disciplinary procedures and even criminal charges.

Procurement in the federal government is legislated and guided by a number of international and national trade agreements and acts, as well as policies, directives, and guidelines provided by Treasury Board (TB,) the Treasury Board Secretariat (TBS) and (Public Services and Procurement Canada (PSPC). Certain departments such as Crown-Indigenous Relations and

Northern Affairs Canada (CIRNAC), Science and Economic Development Canada Industry Canada are responsible for programs that have a direct impact on procurement. In addition to the above, and the content in this Procurement Administration Manual, procurement and contracting officers must also be cognisant of policy notifications, relevant communiqués and internal operating procedures.

Contracting in the Department of National Defence (DND) - and the Government of Canada in general - is more decentralized than ever. We now buy many of our own services and low-dollar value goods without the benefit of going to or through Public Services and Procurement Canada (PSPC). Purchases are commonly made through the use of standing offers (SO), supply arrangements (SA) and direct with trade Purchase Orders for our low-dollar value requirements.

It is imperative that PA/CA bring contracting experience to the process and assist in getting clients what they need. Following the initial contact, the PA/CA must help the clients to define their requirement. Once the requirement is clearly defined, then the PA/CA initiates, prepares and manages the contract process for the purchase.

In order to be successful at their job, the PA/CA must understand and comply with the legislation, policy and procedures of buying.

The following acts and regulations address subjects that may affect procurement activities and other acquisitions-related activities:

- [Financial Administration Act \(FAA\)](#)
- [Federal Accountability Act \(Fed AA\)](#)
- [PWGSC Act](#)
- [Government Contract Regulations \(GCRs\)](#)
- [Defence Production Act](#)
- [Conflict of Interest Act](#)
- [Lobbying Act](#)
- [Surplus Crown Assets Act](#)
- [Procurement Ombudsman Regulations](#)
- [Canadian International Trade Tribunal Procurement Inquiry Regulations](#)
- Policy:
  - [Treasury Board Contracting Policy](#)
  - [Integrity Regime applies to goods, services and construction contracts, subcontracts and real property agreements with a transaction value over \\$10,000](#)

Departmental policy and procedures for contracting:

- [Departmental Delegation of Authorities for Financial Administration \(matrix\)](#)
- [Defence Administrative Orders and Directives \(DAODs\)](#)
- [Procurement Administration Manual \(PAM\)](#)

Learning and implementing procurement and contracting principles will address the requirements of the Federal Accountability Act (Fed AA) and all related legislations.

PA/CA's actions are also governed by the Treasury Board Principles of Government Contracting, which mentions that "Government contracting shall be conducted in a manner that will":

- a. Stand the test of public scrutiny in matters of prudence and probity, facilitate access, encourage competition, and reflect fairness in the spending of public funds;
- b. Ensure the pre-eminence of operational requirements;
- c. Support long-term industrial and regional development and other appropriate national objectives, including aboriginal economic development;
- d. Comply with the government's obligations under the various Trade Agreements North American Free Trade Agreement, the World Trade Organization - Agreement on Government Procurement and the Canadian Free Trade Agreement.

In the same time, the government contracting policygovernment contracting policy objective is:

- To contract in a manner that enhances access, competition and fairness and results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people.

PA/CA should remember the definition of competition:

- Rivalry between two or more businesses striving for the same customer or market.

In the context of competition, the three basic guiding principles for contracting are **openness**, **fairness** and **transparency**:

- **Openness** implies that:
  - Competition is the norm.
  - The selected competitive process ensures that a fair, reasonable and representative number of suppliers have been given the opportunity to bid.
  - All exceptions to competition have been substantiated and documented by CA on the contract file.
- **Fairness** implies that:
  - Everyone is treated equitably and honestly.
  - All information on the contracting process is made available to all potential bidders in the same format at the same time.
  - The contracting process is not manipulated to ensure the outcome.

It should be reminded that not all potential bidders are equal – after all, it is intended to have a winner of the solicitation, which implies that one is the best for the requirement. However, it is **important** that CA treats all bidders fairly and equitably throughout the contracting process.

**Caution** should be given to the selection process to ensure that an unfair advantage is not given to incumbents. This means the evaluation criteria should be the same as the criteria outlined in the solicitation process. CA cannot, for instance, add the requirement to have recent experience in client's organization.

- **Transparency** implies that:
  - Each contract process involves the full, accurate, and timely disclosure of information.
  - All contracting principles are followed (if the process is transparent, any issues with fairness and ethics will become apparent).
  - Senior management is apprised of any wrong-doings.
  - Weaknesses or Errors in policy documents should be reported to DMPP 4 (Director Materiel Policy and Procedures). [+Questions-Procurement-Contracting-Policy@ADM\(Mat\) DMPP@Ottawa-Hull](#)
  - In addition to the three noted guiding principles, “**Ethics**” is a fourth principle that supports a proper contracting process.
- Part of the [Statement of Defence Ethics](#) outlines our obligation to: integrity, loyalty, courage, honesty, fairness, and responsibility.

### 1.3 Roles and Responsibilities of DND Procurement Authorities, Project Managers, Technical Authorities, and Directorate of Quality Assurance in the Procurement Process

Procurement Authorities (PA), Project Managers (PM), Technical Authorities (TA) and the Directorate of Quality Assurance (DQA) work together as a team in the procurement process. The PA acts as the point of contact between DND (the PM or TA, and DQA) and PSPC and the contractor. (See Note in [PAM 1.3.4](#))

#### 1.3.1 Procurement Authority's Key Activities

The PA provides procurement, materiel management, contracting and financial management advice, support and oversight related to the procurement of goods and services for DND and the Canadian Armed Forces.

The PA's key activities are to:

- a) Plan procurement:
  - Ensure that the SOW and any associated CDRL and DID are completed and clear;
  - Develop the procurement plan;
  - Validate requirements for procurement;
  - Develop procurement documents;
  - Write sole source letters for the Director's signature;
  - Review and contribute to the evaluation plan;
  - Review Request for Proposals (RFP), Invitation to Tenders (ITT), Advance Contract Award Notices (ACAN) as appropriate;
  - Release the Request for Quote (RFQ) / RFP for contracts within a person's authority;

- Participate in bidders' conferences;
  - Develop documentation for the Procurement Review Committee (PRC) or DPS Governance Committees; and
  - Coordinate Industrial and Regional Benefits (IRB) requirements with Industry Canada.
- b) Execute procurement:
- Coordinate review of proposals;
  - Participate in the review of proposals;
  - Participate in contract negotiations, including annual rate negotiations of R & O contracts;
  - Consult with the PM/TA or invite them to participate in contract negotiations, including rate negotiations, when their technical expertise may be needed; and
  - Award the contract.
- c) Control procurement:
- Manage the contract;
  - Manage contract cash flow;
  - Participate in the resolution of conflicts;
  - Process invoices and progress claims;
  - Ensure Crown commitments in the contract are met; and
  - Amend the contract.
- d) Perform supply activities in support of the contract.
- e) Manage and close procurement files.
- f) Develop and update forecasting and budgeting figures.

### **1.3.2 Project Manager / Technical Authority's Key Procurement Activities**

The Project Manager (PM), supported by a project team of specialists, is responsible for the overall execution of the assigned work within the specified timeline and the allocated resources until the successful completion of the project (delivery of work on time and on budget). The PM oversees the work of the team of specialists engaged in carrying out the project activities.

Normally the PM is responsible for activities pertaining to project procurement (Capital, NP or O&M), and the TA for the other types of procurement.

The PM/TA's key procurement activities are to:

- Write project decision documents;
- Prepare SRB and PMB presentations;
- Prepare project briefs;
- Identify requirements and quantities for goods and services and, as required, technical elements that should be included in the overall procurement strategy;

- Identify project cost information and required delivery schedule;
- Write the Statement of Work (SOW), Performance Specifications or Statement of Objectives (SOO) (as required);
- Write evaluation criteria and plan for competitive procurement;
- Provide written substantiation for sole source;
- Provide written substantiation for "no substitute" procurement;
- Review draft requisitions and draft RFPs;
- Participate in bidders' conferences;
- Perform the technical review of proposals using evaluation criteria;
- Participate in contract negotiations (when required);
- Identify changes in requirements to the PA;
- Confirm to the PA that goods delivered or services rendered are correct and acceptable or provide justification when they are unsatisfactory.
- Consult DND's [Frequency Spectrum Management](#) (DND FSM) section ([SpectrumManagement@forces.gc.ca](mailto:SpectrumManagement@forces.gc.ca)) for all projects and procurements involving radiofrequency (RF) emitting equipment. First consultation is to occur at the Identification stage of the project.

### 1.3.3 Directorate of Quality Assurance's Key Procurement Activities

The Directorate of Quality Assurance (DQA) provides subject matter expertise in the domain of Quality Assurance in support of procurements and is therefore responsive to the TA/PM.

DQA is responsible for the timely provision of advice and guidance as to the needs of the acquisition in terms of Quality Assurance requirements. DQA, in consultation with the TA/PM, will determine the activities that need to be performed to assure the quality of materiel and/or services being acquired by DND.

Normally the Life Cycle Quality Manager (LCQM) is responsible for quality assurance elements of the procurement activities prior to contract award and the Quality Assurance Manager (QAM) and the Quality Assurance Representative (QAR) are responsible for quality assurance elements of the procurement activities after contract award.

The LCQM's key procurement activities are to:

- Participate in the development of the Project Management Plan (PMP) by identifying the quality assurance requirements;
- Review Statement of Work (SOW) and/or Performance Specifications;
- Review draft requisitions;
- Define the Quality Assurance Requirements and assign Quality Assurance Codes;
- Define the risk statement, risk cause and risk impact for the product/service;
- Define the requirements for a Quality Plan (as required);
- Participate in bid evaluations by assessing the Quality Assurance elements of the bid submission (as required);
- When the supplier is outside of Canada, delegate Government Quality Assurance (GQA) to foreign National Quality Assurance Authorities (NQAA) in accordance with international agreements.

The QAM/QAR's key procurement activities are to:

- Perform contract review to ensure DQA's directives are respected;
- Identify the supplier's risks (likelihood and risk index) associated with the goods and services;
- Plan Quality Assurance activities to mitigate the identified risks;
- Delegate Government Quality Assurance (GQA) services at the suppliers' sub-contractors within and outside Canada;
- Monitor supplier performance by performing planned quality assurance activities;
- Initiate supplier corrective action and assess the effectiveness of the supplier corrective action;
- Communicate with the PA/TA when aware that the contractor has not met the QA provisions and/or of any significant issues affecting the acceptability of the goods or services (for contracts which include progress claims or invoices);
- Release materiel when necessary;
- Monitor suppliers' control of Government Furnished Equipment (GFE);
- Provide logistic support services to suppliers;
- Participate in the disposal and demilitarization of Crown Assets.

#### **1.3.4 Responsibility Matrix - DND (PM/TA, PD, PA) and PSPC**

Details of the roles and responsibilities of DND and PSPC in the procurement process are provided in the [Responsibility Matrix](#). This matrix was endorsed by ADM (Mat) on 12 Dec 2003 as the "normal way of doing business with PSPC", and any exceptions will need approval at the Director General level.

**Note:** The PM and TA will ensure that all communication with PSPC or contractors is conducted through, or with the agreement of, the PA.

#### **1.4 Delegated Procurement, and Contracting Authorities and Other Contract Administration Authorities**

PAM 1.4 outlines the following information:

- 1.4.1 Policies
- 1.4.2 Training Requirements
- 1.4.3 Procurement Initiation Authority (PIA) – Column 14 of the Delegation Matrix
- 1.4.4 Call-up against a Standing Offer (SO) including the Temporary Help Services (THS) SO (Column 23 of the Delegation of Authorities for Financial Administration Matrix)
- 1.4.5 Contract against Supply Arrangements Including Temporary Help Services (THS) SA (Column 24 of the Delegation of Authorities for Financial Administration Matrix)
- 1.4.6 Authority to Approve DND 626 Task Authorization Form
- 1.4.7 Authority to Approve DND 2450 Funds Earmarked Form (FE Form)
- 1.4.8 Authority Required for the Use of the PSPC Professional Services (PS) Online (Columns 17 and 18 of the Delegation of Authorities for Financial Administration Matrix)
- 1.4.9 Specific Authority Required to Approve Procurement and Contracting Documents



### 1.4.1 Policies

PAM 1.4.1 outlines the following information:

- 1.4.1.1 Delegation of Authorities Policy Documents
- 1.4.1.2 Authorities Course of Action

#### 1.4.1.1 Delegation of Authorities Policy Documents

The *Delegation of Authorities (DoA) for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF)* ([A-FN-100-002/AG-006](#)) identifies which positions in DND have been delegated Procurement Initiation Authority, Contracting authority, Payment and Other authorities.

After an individual's Delegation of Authorities (DoA) form has been approved and signed, the individual is authorized to exercise the Authorities indicated on the form. The limits on the DoA form must be within the limits set out in the following series of documents:

- Delegation of Authorities for Financial Administration for DND and the CAF ([A-FN-100-002/AG-006](#))
- PAM 1.4
- Local restrictions as documented and approved.

#### **WARNING:**

An individual **MUST** have a signed delegation of authorities form in order to exercise the authorities.

The following is the list of documents from the least restrictive to the most restrictive:

#### 1) **Delegation of Authorities for Financial Administration for DND and the CAF** ([A-FN-100-002/AG-006](#))

- Describes delegation principles
- Describes financial administration principles
- Describes contracting principles
- Provides interpretation of Authorities contained in the [Delegation of Authorities for Financial Administration matrix \(A-FN-100-002/AG-006\)](#)
- Defines position titles and provides an equivalency table
- Provides notes on each authority in the matrix
- Lists all authorities by position in the matrix
- Positions are delegated Authorities indicated in "General Departmental Authorities" section of the matrix
- Any position also listed in other sections of the matrix is additionally delegated the authorities listed.

#### 2) **PAM 1.4**

- Provides further detailed restrictions on the Procurement Initiation Authority (Column 14 of the [Delegation of Authorities for Financial Administration matrix](#))
- Identifies the specific Authority Required to Approve Procurement and Contracting Documents

### 3) Local restrictions as documented and approved

- Provides further guidance and restrictions on exercising authorities;
- Local restrictions can be functional, monetary or both and must:
  - Document the authority (Column number of the Matrix), position, and specific restrictions
  - Be signed by the responsible manager
  - Be maintained centrally within the division/unit for audit purposes and a copy sent to the supporting RDAO/CDAO

### 4) Signed Delegation of Authorities form

- Details the authorities and limits set for the individual occupying a position listed in the delegation matrix.
- Delegation of Authorities form must:
  - Be prepared for each individual required to exercise any delegated authority, from Level One Advisor downward
  - Detail the specific Authorities an individual is authorized to exercise
  - Not exceed limits set in any of the previous documents listed in paragraphs 1 through 3.
  - Not exceed limits set in the supervisor's DoA form.
  - Be signed, upon proof of completion of training (refer to PAM 1.4.2):
    - by the immediate supervisor or higher (refer to [MGI 7-11](#))
    - by the individual
    - prior to the individual exercising any of the authorities listed in [A-FN-100-002/AG-006](#)
  - Be distributed: a copy must be held by the appropriate comptroller and the individual
- Instructions on the completion of this form may be found in [FAM 1014-4-1](#).

#### 1.4.1.2 Authorities Course of Action

The financial, procurement and contracting authorities must be exercised in the following order:

1. Expenditure Initiation Authority
2. FAA Section 32 authority:
  - Commitment Authority
3. PIA authority (**only for Requisitions to PSPC, DCC, SSC or ADM(Mat) procurement directorates**)
4. Contracting authority, which will be exercised by one of the following:
  - PSPC
  - DCC
  - SSC

- DND/CAF
- 5. FAA Section 34 authority
- 6. FAA section 33 authority

## 1.4.2 Training Requirements

PAM 1.4.2 outlines the following information:

- 1.4.2.1 Training Requirements for Delegated PIA
- 1.4.2.2 TB Mandated Training for Procurement Functional Specialists
- 1.4.2.3 Training Requirements for Delegated Contracting Authority

### 1.4.2.1 Training Requirements for Delegated PIA

In order to have their Delegation of Authorities form approved individuals must provide proof of successful completion of all mandatory courses

The training courses to be delegated procurement initiation authority (PIA) can be viewed in [annex A, part 1](#).

### 1.4.2.2 TB Mandated Training for Procurement Functional Specialists

Since 01 January 2006, all first-time and existing Procurement Specialists must take the TB mandated training for procurement functional specialists.

This mandatory training is **not** required to be completed prior to being delegated or exercising PIA.

Use the [Authorization of Eligibility and Approval of Equivalency for Required Training Courses for PROCUREMENT Functional Specialists](#) form to:

- determine if an employee meets the criteria for a Procurement Specialists
- assess the employee's recent knowledge, experience and training to determine eligibility for an exemption from any of the Fundamentals 1 courses.

All Procurement Functional Specialists:

The « Procurement Functional Specialists» include employees who carry out roles and responsibilities that require **function-specific** knowledge, skills and attributes in the area of procurement. A procurement functional specialist is responsible for the planning and acquisition of one or more of the following: materials, supplies, equipment, properties, capabilities or services to support the delivery of government programs that provide the best value to the Crown and the Canadian people.

The TB mandated training courses for Procurement Functional Specialists can be viewed in [annex A, part 2](#).

**For additional information and/or clarification please contact:**

For additional information and/or clarification please contact:

- Treasury Board of Canada Secretariat (TBS), GCpedia Website, [Procurement, Materiel Management and Real Property Communities](#)
- Canadian General Standards Board, General inquiries at [NCR.ACQB.DCP-PCD@tpsgc-pwgsc.gc.ca](mailto:NCR.ACQB.DCP-PCD@tpsgc-pwgsc.gc.ca)

You will find additional information in the following websites:

- [TBS Definition of a Procurement Specialist](#)
- [TBS Policy on Learning, Training and Development](#)
- [TBS Directive on the Administration of Required Training](#)

Note:

In 2006, the TBS also launched the Professional Development and Certification Program for the Procurement Community. The program is available to Federal employees and Canadian Armed Forces (CAF) Members working in procurement. Participation is not mandatory. For more information, visit the [Procurement, Materiel Management and Real Property Communities Management Office](#)

#### **1.4.2.3 Training Requirements for Delegated Contracting Authorities**

In order to have their Delegation of Authorities form approved individuals must provide proof of successful completion of all mandatory courses.

The training courses to be delegated contracting authority can be viewed in [annex A, part 3](#).

#### **1.4.3 Procurement Initiation Authority (PIA) - Column 14 of the Delegation Matrix**

PAM 1.4.3 outlines the following information:

- 1.4.3.1 PIA: definition, responsibilities and accountabilities
- 1.4.3.2 PIA Delegation Restrictions

##### **1.4.3.1 PIA: Definition, Responsibilities and Accountabilities**

###### **1.4.3.1.1 PIA: Definition**

PIA is the delegated authority required to:

1. approve a PWGSC 9200 Requisition to be sent to Public Services and Procurement Canada (PSPC) to award a contract or establish an SO/SA on behalf of DND (refer to [PAM 3.3.11](#));
2. approve a DND8 to be sent to Defence Construction Canada (DCC) to award a contract on behalf of DND (refer to [PAM 3.3.7](#));
3. approve a document for submission to Shared Services Canada (SSC) to award a contract on behalf of DND (refer to [PAM 3.3.11](#));
4. approve a request to be submitted to an ADM(Mat) procurement directorate to award a contract on behalf of DND (refer to [PAM 3.3.12](#));
5. approve an amendment to requests and documents listed above (refer to [PAM 5.5](#));
6. approve the completion of an electronic submission serving the same purpose as the documents listed above.

Procurement Initiation Authority is delegated to positions as indicated in Column 14 of the [Delegation of Authorities for Financial Administration Matrix](#).

#### **1.4.3.1.2 PIA: Responsibilities**

The individual exercising PIA is responsible to ensure the procurement is carried out in accordance with the PAM.

This includes all PA's responsibilities as identified throughout the PAM from the time the requirement is identified through to the completion of the contract.

Below is a brief outline of those responsibilities:

- **Plan Procurement (PAM 3.0):**
  - Develop the Procurement Plan and validate the requirement for Procurement
  - Develop the Procurement Documents
  - Participate in the Solicitation Process
- **Execute Procurement (PAM 4.0):**
  - Participate in the Bid Evaluation and Contract Award processes
  - Manage Industry Complaints
- **Control Procurement (PAM 5.0):**
  - Monitor Contract Performance
  - Review and Verify Payment Requests
- **Close Procurement (PAM 6.0)**

#### **1.4.3.1.3 PIA: Accountabilities**

PIA ensures the requisite expertise and experience is applied to provide a control mechanism that ensures:

- compliance with laws, policies and procedures
- protection of Departmental and Crown interests
- standardization of the procurement process
- standardization of the DND business transactions with PSPC, DCC, SSC and ADM(Mat) procurement directorates
- all relevant procurement documents have been reviewed for completeness, clarity and contractibility
- the resulting contract will fulfil the requirement

#### **1.4.3.2 PIA Delegation Restrictions**

PAM 1.4.3.2 outlines the following information:

- 1.4.3.2.1 Summary of the PIA Model
- 1.4.3.2.2 Procurement Risk Restrictions
- 1.4.3.2.3 Dollar Value Restrictions

#### 1.4.3.2.1 Summary of the PIA Model

Specific DND/CAF organizations will exercise PIA on behalf of all the L1s for specific **mandatory** requirements that fall within their mandate and unique expertise.

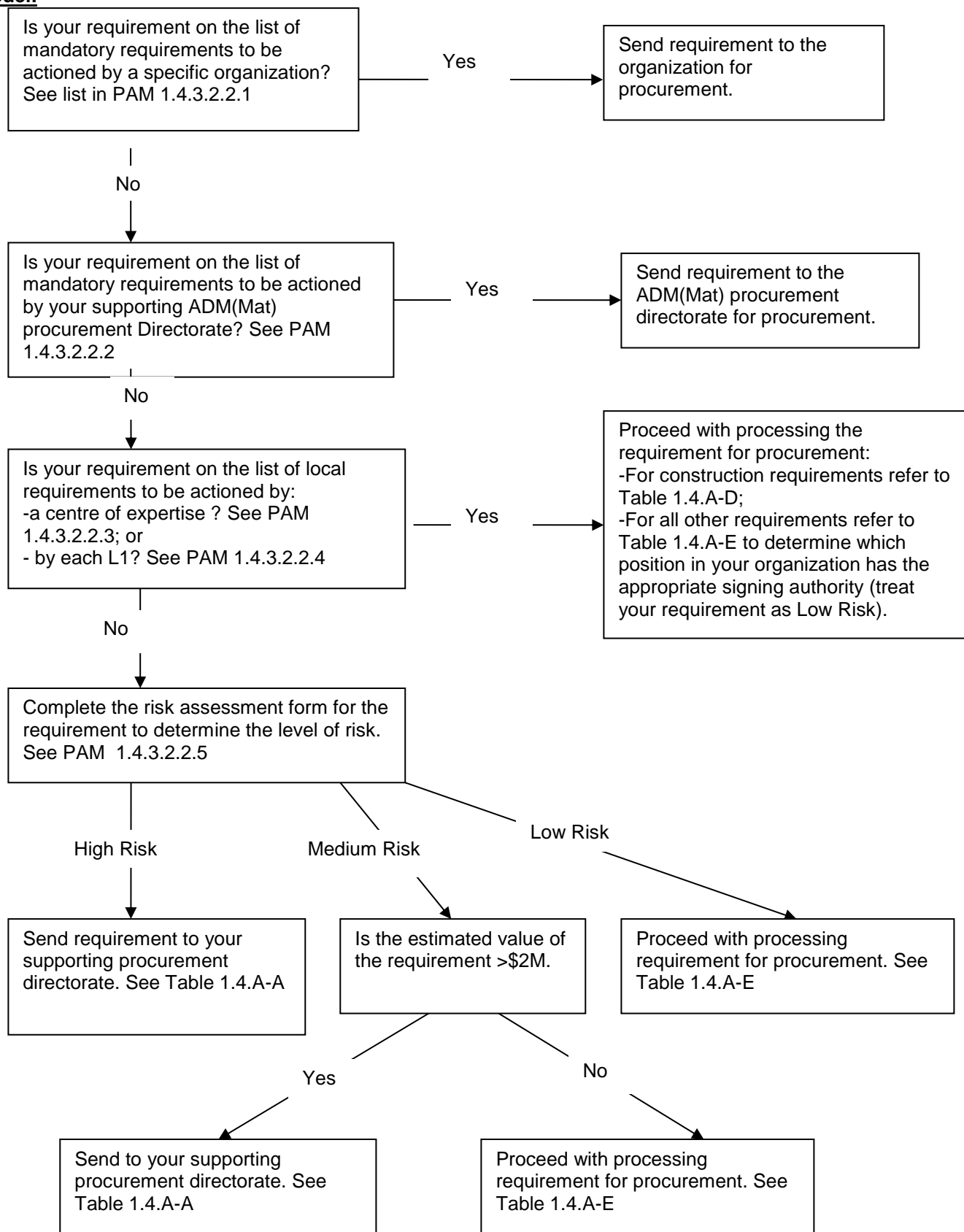
ADM (Mat) Procurement directorates will exercise PIA on behalf of L1s which they support for specific **mandatory** requirements that fall within their mandate and unique expertise.

L1s will exercise PIA for specific **local** requirements that have been identified as being within their mandate and expertise.

For all other requirements, L1s will:

- complete the **Procurement Risk Assessment Tool** (PRAT) to determine who is responsible to exercise PIA:
- exercise PIA for requirements assessed as:
  - low risk (within budgetary limits)
  - medium risk and valued up to and including \$2M
- forward to the supporting ADM (Mat) procurement directorate requirements assessed as:
  - medium risk and above \$2M
  - high risk

A **copy** of all 9200 requisitions valued greater than \$40M and approved by a non-ADM(Mat) organization must be forwarded to the **Director** of the supporting ADM (Mat) procurement directorate identified in PAM table 1.4.A-A, **for information purposes only**.

**PIA Model:**

### 1.4.3.2.2 Procurement Risk Restrictions

PAM 1.4.3.2.2 outlines the following information:

- 1.4.3.2.2.1 Specific Organization Mandatory Requirements
- 1.4.3.2.2.2 Supporting Procurement Directorate Mandatory Requirements
- 1.4.3.2.2.3 Centres of Expertise Requirements
- 1.4.3.2.2.4 Local Requirements
- 1.4.3.2.2.5 All Other Requirements

#### 1.4.3.2.2.1 Specific Organization Mandatory Requirements

Because of the characteristics of the following requirements they shall be treated as **high** risk (for the purpose of PIA) and must be forwarded to the specific organization indicated. A risk assessment is not required:

ADM (Mat) / DG Proc Svcs / D Svcs C:

- Creation of Co-Operative Logistics (COLOG) cases
- FMS Cases

ADM (Mat) / DG Proc Svcs / D Maj Proc :

- Major service requirements
- Airlift, sealift & rail transportation requirements
- For requirements in support of CJOC and SOFCOM operations and exercises:
  - All service requirements; and
  - All goods requirements which include a requirement for the supplier to deliver in theatre

ADM (Mat) / DGMPD / DMPS:

- Requirements in support of Major Crown Projects

ADM (Mat) / DGLEPM / DLP:

- Ammunition
- Weapons

ADM (Mat) / DGAEPM/DAP:

- Centrally managed aircraft and related equipment including but not limited to:
  - Air Navigation Aids
  - 3rd Line Repair
  - ALSE, AMSE



- LCMM items managed centrally
- Test Equipment
- Simulators for Crown Owned Aircraft
- Air Defence Radar Systems
- National Level Engineering Support
- Strategic Air Defence

#### ADM (IE):

- Construction requirements to Defence Construction Canada (DCC) for all DND/ Canadian Armed Forces (CAF) L1s with the exception of Assistant Deputy Minister (Materiel) (ADM (Mat)).

#### ADM (S&T):

- Science and Technology requirements
- Military Research and Development

#### Assistant Deputy Minister (Public Affairs) (ADM(PA) / Director General Marketing (DGM):

- Advertising services
- Public opinion research services

### 1.4.3.2.2.2 Supporting Procurement Directorate Mandatory Requirements

Because of the characteristics of the following requirements they shall be treated as **high** risk (for the purpose of PIA) and must be forwarded to the Director of the supporting procurement directorate (Table 1.4.A-A). A risk assessment is not required:

- Goods identified as centrally procured within the supply system.
  - inventory items that have an assigned management team of LCMM, Technical Authority (TA) and Supply manager.
- Goods/services that fall under the following commodities:
  - armament training devices;
  - armoured vehicles;
  - stimulated coherent radiation devices, components and accessories;
- The materiel for which the procurement is **restricted** and must be approved by the applicable Technical Authority (TA) at NDHQ (may be actioned locally if the NDHQ (TA) has provided prior approval).
  - Example: goods subject to airworthiness
- Requisitions to PSPC for Services sole sourced to a former public servant.
- Requirements invoking National Security Exception (NSE).
- Requirements for which Privy Council Office (PCO) has been involved due to sensitivity

Procurement Directorates are responsible to exercise procurement initiation authority for requirements that fall within their mandate in support of the organizations listed in Table 1.4.A-A.

**Table 1.4.A-A ADM (Mat) Procurement Directorates with Procurement Initiation Authority**

Procurement Directorate	Mandate	Support the following Organization(s):
DG Proc Svcs:  DES Proc D Maj Proc D Svcs C	<p><b>DG Proc Svcs:</b> is committed to delivering specialized procurement and contract management and assistance, guidance and direction to project teams and departmental staffs on service delivery activities for the CAF and DND.</p> <p><b>DES Proc:</b> Procurement support for consultation, command and control (C3), space-based systems and projects and their support, and IM/IT;</p> <p><b>D Maj Proc:</b> Implementation and management of major service contracts and support to deployed operations in Canada and worldwide.</p> <p><b>D Svcs C 3:</b> Procurement support for goods and services requirements to be contracted by PSPC, SSC, or D Svcs C</p>	ADM (Fin CS) ADM (HR CIV) ADM IE ADM (IM) ADM (PA) ADM POL RCAF (for complex, high \$ value requirements) CDI CDS DND/CF LA Chief Military Judge CJOC CMP Corporate Secretary CRS DM's Office Judge Advocate General VCDS CF IntCom  ADM (Mat)'s organizations: COS ADM (Mat) DGIIP DGMSSC
DGAEPM / DAP	<p>The mission of DGAEPM is to effectively deliver, sustain and improve aerospace equipment that meets the needs of the CAF.</p> <p>DAP provides procurement, materiel management, contracting and financial management advice, support and oversight related to the procurement of aerospace equipment and services to the national level operation and maintenance of aerospace equipment.</p>	RCAF AETE
DGLEPM / DLP	<p>DGLEPM is responsible to ADM(Mat) and responsive to its customers for, among other things, materiel acquisition and support of assigned equipment and materiel systems primarily for the Land Force, and other CAF elements, as required.</p> <p>DLP provides dedicated support to each of the DGLEPM program management directorates and to CANSOFCOM.</p>	C Army CANSOFCOM 202 Workshop QETE
DGMEPM / D Mar P	<p>DGMEPM is the materiel authority for all naval ships, submarines, auxiliary vessels and naval equipment for shore establishments.</p> <p>The mandate of D Mar P is to provide quality, timely and efficient material acquisition, supply management and</p>	RCN NETE

Procurement Directorate	Mandate	Support the following Organization(s):
	financial services to support the requirements of the CAF elements that are executed through DGMEPM.	
DGMPD / DMPS	<p>DGMPD consists of two Divisions:</p> <p>DGMPD Air</p> <p>DGMPD Land &amp; Sea</p> <p>Their goal is to focus attention on high-priority capital equipment projects in support of Defence priorities such as the <i>Canada First</i> Defence Strategy, and to consolidate their management.</p> <p>DMPS supports DGMPD's Major Capital Projects by delivering common support services such as financial, procurement, supply chain and costing services.</p>	<p>RCAF for Major Crown Projects</p> <p>C Army and RCN for Major Crown Projects</p>

#### 1.4.3.2.2.3 Centres of Expertise Requirements

The following local requirements which are within the mandate of the L1 specified shall be treated as **low** risk (for the purpose of PIA) (Table 1.4.A-E). A risk assessment is not required:

RCN: Ship Chandler services

CFB Suffield: Support to the British Army Training Unit, Suffield (BATUS)

ADM(IE) / Director Contaminated and Legacy Sites Project Delivery (DCLSPD):  
Contaminated and Unexploded explosive Ordnance (UXO) sites management services

#### 1.4.3.2.2.4 Local Requirements

Any of the following local requirements which are within the mandate of a L1 shall be treated as **low** risk (for the purpose of PIA) (Table 1.4.A-E). A risk assessment is not required:

- Goods identified as locally procured in the supply system
- Goods and services being procured under a standing offer which require approval by PSPC

**Note:** This item refers to call-ups against a standing offer which, as per the standing offer, require approval by PSPC only. Call-ups against a standing offer that are within the call-up limit for the department do not require PIA. They shall be approved as per contracting delegations for call-ups against a standing offer.

- General building maintenance and support, including:
  - Second line servicing and maintenance of air conditioners
  - maintenance of furnaces
  - garbage removal services

- Janitorial services
- Food services for units
- Educational services
- Training services (not related to major equipment platforms or major service programs)
- Fuel
- Aircraft handling
- De-icing Services
- Goods identified in the supply system as restricted procurement and the applicable Technical Authority (TA) at NDHQ has approved local procurement.  
Example: goods subject to airworthiness
- Laundry services

#### 1.4.3.2.2.5 All Other Requirements

For each requirement not listed in paragraphs 1.4.3.2.2.1 through 1.4.3.2.2.4, the PA in each L1 is responsible to:

- complete the [Procurement Risk Assessment Tool](#) (PRAT);
- determine the risk rating based on the results of the Procurement Risk Assessment:

<b>Low risks</b>	The PA in each L1 is responsible to action the procurement requirement in accordance with the PAM.
<b>Medium risk with an estimated value of \$2M or less</b>	The PA in each L1 is responsible to action the procurement requirement in accordance with the PAM.
<b>Medium risk requirements with an estimated value greater than \$2M</b>	The PA must send the requirement with the completed Procurement Risk Assessment to the Director of the appropriate Procurement Directorate (refer to table 1.4.A-A)
<b>High risk requirements</b>	The PA must send the requirement with the completed Procurement Risk Assessment to the Director of the appropriate Procurement Directorate (refer to table 1.4.A-A)

For each High risk requirement and Medium risk requirement valued greater than \$2M, the receiving ADM(Mat) procurement directorate is responsible to:

- Review the requirement and risk assessment; and
- Proceed with the procurement and manage the procurement through to completion;

**OR**

- Provide justification for an adjustment to the risk level and return the requirement to the PA in the L1 for procurement and management through to completion.

Any disputes with regard to the final assessment of risk as determined by ADM(Mat) procurement directorate shall be resolved at the lowest level possible. If resolution is not reached, the issue will be raised up the chain of command with an aim of resolution at the lowest possible level.

#### **1.4.3.2.3 Dollar Value Restrictions**

PAM 1.4.3.2.3 outlines the following information:

- 1.4.3.2.3.1 Administrative Amendment: definition
- 1.4.3.2.3.2 PIA limits for ADM(Mat) Procurement Directorate Positions
- 1.4.3.2.3.3 Restrictions Defined for ADM (S&T) Positions for PIA to PSPC, SSC and ADM(Mat) procurement directorates
- 1.4.3.2.3.4 Restrictions on Construction Requirements to DCC Defined for ADM(IE) Positions
- 1.4.3.2.3.5 Restrictions Defined for all other Positions

##### **1.4.3.2.3.1 Administrative Amendment: definition**

Administrative amendments may be approved at the lowest level. Administrative amendments:

- reduce the total value or do not increase the total value of the requisition
- do not include a change in scope
- do not increase the risk
- do not increase the liability of the Crown.

**Note:** Amendments which call-up an option in a contract are considered administrative if the original requisition was approved by an individual with the delegated authority for the full requirement including the value of the option(s). However, this authority may be restricted by the individual signing the original document as a standard for their organization or on a case by case basis.

##### **1.4.3.2.3.2 PIA limits for ADM(Mat) Procurement Directorate Positions**

ADM (Mat) Procurement Directorates are those directorates within ADM(Mat) whose primary function is to provide procurement services. ADM (Mat) Procurement Directorates are listed in Table 1.4.A-A.

Procurement initiation authority, in the ADM (Mat) Procurement Directorates, is delegated to the positions listed in Table 1.4.A-B.

These authorities may be reduced further through local restrictions and through an individual's signed delegation of authorities form.

**Table 1.4.A-B Procurement Initiation Authority (PIA) Limits for ADM( Mat) Procurement Directorate Positions for Requisitions to PSPC, DCC and SSC**

<b>Positions within ADM (Mat) Procurement Directorates: Position Title</b>	<b>Requisitions to PSPC / DCC / SSC Total Approval Limit (including amendments and GST/HST)</b>
Deputy Minister	Within budgetary limits
ADM MAT / COS ADM MAT	Within budgetary limits
Director General	\$40M
Director	\$15M
Procurement Officer at the level of Section Head/Team Leader *	\$3M
Procurement Officer at the level of Sub-Section Head **	\$1.5M
Procurement Officer below the level of Sub-Section Head **	\$500K
Procurement Clerk ***	<ul style="list-style-type: none"> <li>• \$100K</li> <li>• Administrative Amendments</li> </ul>

\*A Procurement Officer at the level of Section Head / Team Leader is usually occupied by an individual classified as a PG (civilian) at the level of no less than PG6 (or another classification at an equivalent level) or a military Officer at the rank of no less than a LCol/Cdr.

\*\* A Procurement Officer position is usually occupied by an individual classified as a PG (civilian) or a military Officer

\*\*\* A Procurement Clerk position is usually occupied by an individual classified as a CR (civilian) or a military Non-Commissioned Member (NCM).

#### **1.4.3.2.3.3 Restrictions Defined for ADM (S&T) Positions for PIA to PSPC, SSC and ADM(Mat) procurement directorates**

Delegation of PIA has been established for these positions because of the nature of the procurements and the unique expertise within the organization.

ADM (S&T) positions are subject to the maximum signing authorities as detailed in [Table 1.4.A-C](#).

These authorities may be reduced further through local restrictions and through an individual's signed delegation of authorities form.

**Table 1.4.A-C Procurement Initiation Authority (PIA) Restrictions for ADM (S&T) Positions for Requisitions to PSPC, SSC and ADM(Mat) procurement directorates**

<b>Positions within ADM (S&amp;T) : Position Title</b>	<b>Requisitions to PSPC / DCC / SSC Total Approval Limit (including amendments and GST/HST)</b>
CEO / ADM S&T	Within budgetary limits
DGSTCO	\$40M
DSTCS	\$15M
Procurement Assistant Director*	\$3M
Procurement Manager **	\$1.5M
Procurement Officer ***	\$500K

\* Procurement Assistant Director occupied by an individual classified at the level of no less than PG06.

\*\* Procurement Manager occupied by an individual classified at the level of no less than PG05.

\*\*\* Procurement Officer position is usually occupied by an individual classified as a PG (civilian) or a military officer.

#### **1.4.3.2.3.4 Restrictions on Construction Requirements to DCC Defined for ADM(IE) Positions**

Delegation of PIA for construction requirements to DCC has been established for these positions because of the nature of the procurements and the unique expertise within the organizations.

ADM(IE) positions are subject to the maximum signing authorities as detailed in Table 1.4.A-D

These authorities may be reduced further through local restrictions and through an individual's signed delegation of authorities form.

**Table 1.4.A-D Procurement Initiation Authority Restrictions on Construction Requirements to DCC Defined for ADM(IE) Positions**

<b>Position Title</b>	<b>Total Approval Limit (including amendments and GST/HST) To DCC</b>
Level 1 Advisors (Mil & Civ) ADM(IE)	Within budgetary limits
<ul style="list-style-type: none"> <li>ADM(IE) Level 2 Advisors (Mil &amp; Civ)</li> <li>Comd Canadian Forces Real Property Operations</li> </ul>	Within budgetary limits

Position Title	Total Approval Limit (including amendments and GST/HST) To DCC
Group (CF RP Ops GP)	
<ul style="list-style-type: none"> <li>• ADM(IE) Director in NDHQ</li> </ul>	Within budgetary limits
<ul style="list-style-type: none"> <li>• Real Property Operations Unit (RPOU) CORPO COS (<b>Positions within the CF RP Ops Gp</b>)</li> </ul>	Within budgetary limits
Reporting directly to: <ul style="list-style-type: none"> <li>• ADM(IE) Director in NDHQ</li> <li>• RPOU CO</li> <li>• RPOU COS (<b>Positions within the CF RP Ops Gp</b>)</li> </ul>	Up to \$10M
2 levels below: <ul style="list-style-type: none"> <li>• ADM(IE) Director in NDHQ</li> <li>• RPOU CO</li> <li>• RPO COS (<b>Positions within the CF RP Ops Gp</b>)</li> </ul>	Up to \$5M
3 levels below: <ul style="list-style-type: none"> <li>• ADM(IE) Director in NDHQ</li> <li>• RPOU CO</li> <li>• RPO COS (<b>Positions within the CF RP Ops Gp</b>)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to \$3M</li> <li>▪ Administrative amendments</li> </ul>

#### 1.4.3.2.3.5 Restrictions Defined for all other Positions

The following organizations have delegated Procurement Initiation Authority (PIA) to PSPC, SSC, ADM(Mat) procurement directorates as indicated in Table 1.4.A-E:

- all Level 1 organizations (except ADM(Mat) see PAM 1.4.3.2.3.2)
- Office of the CF/DND Ombudsman
- Canadian Forces Grievance Board
- Military Police Complaints Commission
- Office of the Communications Security Establishment Commissioner

This table also applies to the following ADM(Mat) organizations only:

- 202 Workshop
- AETE
- NETE
- QETE

The financial limits associated with PIA vary depending on the level of risk associated with the requirement.

The Procurement Risk Assessment Tool is to be used to determine the level of risk associated with a requirement.



All L1 organizations should be cautious as most high dollar value requirements have a level of risk associated with them.

All positions must conduct procurement activities in compliance with the business processes detailed in the PAM.

These authorities may be reduced further through local restrictions and through an individual's signed delegation of authorities (DoA) form.

#### **Table 1.4.A-E Procurement Initiation Authority (PIA) Limits for all other Positions**

The delegation of PIA must follow the change of command (CoC) (i.e. from the top (Level 1 Advisor) down).

Position Title	Total Approval Limit (including amendments and GST/HST)		
	To PSPC/ SSC / ADM(Mat) Procurement Directorates		To DCC
	Low Risk*	Medium Risk*	
Deputy Minister	Within budgetary limits	Within budgetary limits	N/A
Chief of the Defence Staff	Within budgetary limits	Up to \$2M	N/A
(Senior) Associate Deputy Minister	Within budgetary limits	Up to \$2M	N/A
Level 1 Advisors (Mil & Civ)**	Within budgetary limits	Up to \$2M	N/A
Level 1s outside of ADM(IE) for procurement activities supporting Infrastructure or Environmental requirements - <b>Does NOT Include Construction</b>	N/A	N/A	<ul style="list-style-type: none"> <li>Up to \$3M</li> <li>Administrative amendments</li> </ul>
Level 2 Advisors (Mil & Civ) **	Up to \$40M	Up to \$2M	N/A
Level 2 (Mil) Advisors (with Auth of Comd of Comd) **	Up to \$40M	Up to \$2M	N/A
<ul style="list-style-type: none"> <li>Director in NDHQ</li> <li>Base Commander (&amp; other equivalents) **</li> </ul>	Up to \$15M	Up to \$2M	N/A

Designated Environmental Officers (regardless of Level 1 Organisation) for procurement activities supporting Infrastructure or Environmental requirements - <b>Does NOT Include Construction</b>	N/A	N/A	Up to \$50M
Reporting directly to: <ul style="list-style-type: none"> <li>Director in NDHQ</li> <li>Base Commander (&amp; other equivalents) **</li> </ul>	Up to \$3M	Up to \$1.5M	N/A
2 levels below: <ul style="list-style-type: none"> <li>Director in NDHQ</li> <li>Base Commander (&amp; other equivalents) **</li> </ul>	Up to \$1.5M	Up to \$750K	N/A
3 levels below: <ul style="list-style-type: none"> <li>Director in NDHQ</li> <li>Base Commander (&amp; other equivalents) **</li> </ul>	Up to \$500K	Up to \$500K	N/A
4 levels below: <ul style="list-style-type: none"> <li>Director in NDHQ</li> <li>Base Commander (&amp; other equivalents) **</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$100K</li> <li>Administrative amendments</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$100K</li> <li>Administrative amendments</li> </ul>	N/A

\* use the Procurement Risk Assessment Tool to determine the risk level associated with a specific procurement.

\*\* Position equivalencies and descriptions are available in the [Delegation of Authorities for Financial Administration Matrix](#).

#### **1.4.4 Call-up Against Standing Offers (SO) including the Temporary Help Services (THS) SO (Column 23 of the [Delegation of Authorities for Financial Administration matrix](#))**

Individuals with Call-up against a standing offer authority shall follow the procurement process defined in [PAM 3.3.1](#) when raising a call-up.

**Note:** This process also applies to Temporary help services (THS) SO.

**WARNING:** An individual must have authority to purchase the specific commodity/item in order to purchase against a standing offer. Some items may; be subject to special procurement, require specific entitlement, be procured centrally, etc. This information can be found in the Canadian Government Catalogue of Materiel.

There is no delegation of contracting authority inherent in the SO document.

Call-up Against Standing Offers authority is required to:

- a) approve original PWGSC 942 Call-up against a standing offer
- b) approve PWGSC 942 Call-up Amendment which include a change in scope or increase in total value
- c) approve the completion of electronic submissions serving the same purpose as the documents in a) & b).

**The signing authority table does not provide authority to exceed the call-up limitation identified in the standing offer (SO) arrangement.**

The PA must comply with all limitations of the specific SO which may impose boundaries on:

- a) individual call-up value
- b) authorized users

**Warning:** PSPC [Professional Services \(PS\) Online](#) is a service source list. The use of PSPC PS Online is authorized under columns 17 and 18. Refer to PAM 1.4.8.

**Note:**

- 1) Some SOs require that all call-ups be approved by PSPC. In this case, the “Section 32” block of the PWGSC 942 call-up form will be signed by DND and the “Approve for the Minister” block will be signed by PSPC.
- 2) Column 23 is not limited by column 14.

**Important note: Contracting for architectural and/or engineering services:**

The definition of an Architectural and Engineering contract is:

A contract for the provision of services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work.

The Architectural and Engineering Services is a commodity treated differently by TB because of its nature.

TB Contracting Policy, Appendix C, Part I, Schedule 3 specifically excludes this commodity from the generic category of "Services" and deals with it in the exceptions mentioned in Appendix C, Part II, paragraphs 9, 18, 53 and 54.

According to Appendix C, part II, paragraph 54:

"Notwithstanding the basic contracting limits provided in Part I of this Appendix, any contracting authority, other than those mentioned in paragraphs 18 and 53 of Part II of this Appendix, may only:

- A. enter into a contract for the acquisition of architectural and engineering services if the amount payable under the contract does not exceed \$40,000; and
- B. increase the amount payable under a contract for architectural and engineering services by a total amount not exceeding \$20,000."

These 2 limits have been interpreted as "contract entry" and "total value of the amendments", respectively.

Consequently, the DND/CAF contracting authority is capped at these limits if these services are purchased via:

- a Call-up against a standing offer;
- a contract against a supply arrangement;
- a competitive process (i.e. column 17 of the matrix, Contracting for services, Competitive, General).

References: [TB Contracting Policy, Appendix C, Part 1 \(schedule 3\) and part 2 \(paragraph 9,18,53 and 54\)](#)

#### **1.4.5 Contracts against a Supply Arrangements (SA) Including Temporary Help Services (THS) SA (column 24 of the [Delegation of Authorities for Financial Administration matrix](#))**

Individuals shall follow the procurement process defined in [PAM 3.3.4](#) when preparing a solicitation and then raising a contract against a Supply Arrangement.

**Note:** This process also applies to Temporary help services (THS) SA.

There is no delegation of contracting authority inherent in the SA document.

To be considered an Authorized SA user and individual must:

- have delegated authority to use a Supply Arrangement (column 24 of the delegation matrix)
- be listed (the individual or the department) as an authorized user for the specific SA
- confirm that a Service Level Agreement (SLA)/User Agreement/User Arrangement has been signed by the department where required. (consult with PSPC contracting officer responsible for the SA to confirm)

An authorized SA user can only issue contracts up to:

- a. their individual SA contract authority as identified on their delegation of authorities form (column 24),
- b. the contract value limit specified in the SA, whichever is lower.

**Warning:** PSPC [Professional Services](#) (PS) Online is a service source list. The use of PSPC PS Online is authorized under columns 17 and 18. Refer to PAM 1.4.8.

**Important note: Contracting for architectural and/or engineering services:**

The definition of an Architectural and Engineering contract is:

A contract for the provision of services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work.

The Architectural and Engineering Services is a commodity treated differently by TB because of its nature.

TB Contracting Policy, Appendix C, Part I, Schedule 3 specifically excludes this commodity from the generic category of "Services" and deals with it in the exceptions mentioned in Appendix C, Part II, paragraphs 9, 18, 53 and 54.

According to Appendix C, part II, paragraph 54:

"Notwithstanding the basic contracting limits provided in Part I of this Appendix, any contracting authority, other than those mentioned in paragraphs 18 and 53 of Part II of this Appendix, may only:

- A. enter into a contract for the acquisition of architectural and engineering services if the amount payable under the contract does not exceed \$40,000; and
- B. increase the amount payable under a contract for architectural and engineering services by a total amount not exceeding \$20,000."

These 2 limits have been interpreted as "contract entry" and "total value of the amendments", respectively.

Consequently, the DND/CAF contracting authority is capped at these limits if these services are purchased via:

- a Call-up against a standing offer;
- a contract against a supply arrangement;
- a competitive process (i.e. column 17 of the matrix, Contracting for services, Competitive, General).

References: [TB Contracting Policy, Appendix C, Part 1 \(schedule 3\) and part 2 \(paragraph 9,18,53 and 54\)](#)

#### **1.4.6 Authority to Approve DND 626 Tasking Authorization Form**

An individual has DND 626 Task Authorization Form authority for contracts to which they are assigned contract management responsibilities.

Individuals with DND 626 Tasking Authorization Form authority shall follow the procurement process defined in [PAM 3.3.2](#) when raising a DND 626.

There is no corresponding column in the Delegation of Authorities for Financial Administration Document for the DND 626. Therefore this authority will not appear on an individual's Delegation of Authorities form for the following reasons:

- DND 626 tasking authorization form is not a procurement instrument (PI) or a DND contract
- It is an administrative process which has been negotiated as part of an existing contract to allow "as-and-when-requested work" to be performed by the contractor using the existing terms and conditions of the contract.

The person signing 'for the Department of National Defence' ensures that:

- the work is within the scope of the contract
- sufficient funds remain in the contract to cover this task
- the task is affordable within the Project/Unit budget.

This authority is required to:

- a) approve an original DND 626
- b) approve DND 626 Amendment which includes a change in scope or increase in total value
- c) approve the completion of electronic submissions serving the same purpose as the documents in a) and b).

Amendment documents that:

- do not include a change in scope or reduce the total value are not subject to the following financial limits and may be approved at the lowest level listed.
- include a change in scope or increase the total value are subject to the following financial limits and must be approved at the appropriate level listed.

The signing authority table does not provide authority to exceed the DND 626 limitation identified in the Contract.

The PA must comply with all the terms and conditions of the specific Contract which may limit:

- a) the individual DND 626 Tasking Authorization value;
- b) the departmental limit to release the DND 626 Tasking Authorization directly to the contractor.

#### 1.4.6.1 Limits

This table specifies the signing authorities by position for the DND 626 tasking authorization form.

This table does **not** provide authority to exceed the ceiling identified in the contract for DND approval of the DND 626, without prior approval of PSPC.

A DND 626 form, where the total value exceeds the ceiling identified in the contract, must be signed by the PSPC contracting officer before the DND Procurement Authority may approve it.

**Table 1.4.D-1 Authority to Approve DND 626 Tasking Authorization Form for All Positions**

The authorities listed in the following table may be reduced further through local restrictions.

Authority to approve DND 626 Tasking Authorization Form

Position Title	Approval Limit (including amendments and GST/HST)
Director	Within budgetary limits
Procurement Officer at the Section Head/Team Leader level	\$ 3M
Procurement Officer at the Sub-Section Head level	\$1.5M
Procurement Officer	\$ 500K
Procurement Clerk	\$25K All amendment documents that: <ul style="list-style-type: none"> <li>• reduce the total value</li> <li>• do not increase the total value</li> <li>• do not include a change in scope</li> </ul>

#### 1.4.7 Authority to approve DND 2450 Funds Earmarked form (FE Form)

Individuals shall follow the procurement process defined in PAM 8.0 when raising a Funds Earmarked (FE).

**Note:** DND 2450 Funds Earmarked form is also called an FE Form, a Funds Reservation Form and an Encumbrance Authorization Form.

There is no corresponding column in the Delegation of Authorities for Financial Administration Document for the DND 2450 FE form. Therefore this authority will not appear on an individual's Delegation of Authorities form for the following reasons:

- DND 2450 FE form is not a Procurement Instrument (PI) or a DND contract
- It is an administrative process which is used to:
  - give authority to another DND organization's functional authority to use funds from the PA's budget for a specific purpose
  - manage automated payments against a specific G/L (such as travel, civilian and military pay, etc.) in a project office
  - manage payments under an MOU or SLA

The person signing for approval of the FE certifies that the necessary approvals have been obtained.

This authority is required to:

- a) approve an original DND 2450 FE Form
- b) approve a DND 2450 FE Amendment which includes a change in scope or increase in total value
- c) approve the completion of electronic submissions serving the same purpose as the documents in a) and b).

Amendment documents that:

- do not include a change in scope or reduce the total value are not subject to the following financial limits and may be approved at the lowest level listed.
- include a change in scope or increase the total value are subject to the following financial limits and must be approved at the appropriate level listed.

#### **1.4.7.1 Limits**

This table specifies the signing authorities by position for the DND 2450 FE form.

Procurement Officer/Clerks, when raising a DND 2450 FE form, shall follow the procurement process defined in PAM 8.0.

**Table 1.4.E-1 Authority to approve DND 2450 FE Form for All Positions**

The authorities listed in the following table may be reduced further through local restrictions and through an individual's signed delegation of authorities form.

Authority to approve DND 2450 FE Form

Position Title	Approval Limit (including amendments and GST/HST)
Director	Within budgetary limits



Position Title	Approval Limit (including amendments and GST/HST)
Procurement Officer at the Section Head/Team Leader level	\$ 3M
Procurement Officer at the Sub-Section Head level	\$1.5M
Procurement Officer	\$ 500K
Procurement Clerk	\$25K  All amendment documents that: <ul style="list-style-type: none"> <li>• reduce the total value</li> <li>• do not increase the total value</li> <li>• do not include a change in scope</li> </ul>

#### 1.4.8 Authorities Required for the Use the PSPC Professional Services (PS) Online (column 17 and 18 of the Delegation of Authorities for Financial Administration matrix)

PSPC [Professional Services](#) PS Online is a **service source list**.

PS Online is **not** a formal SO or SA.

Therefore, the use of PSPC PS Online is authorized under columns 17 and 18 of the [Delegation of Authorities for Financial Administration matrix](#).

#### Important note: Contracting for architectural and/or engineering services:

The definition of an Architectural and Engineering contract is:

A contract for the provision of services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work.

The Architectural and Engineering Services is a commodity treated differently by TB because of its nature.

TB Contracting Policy, Appendix C, Part I, Schedule 3 specifically excludes this commodity from the generic category of "Services" and deals with it in the exceptions mentioned in Appendix C, Part II, paragraphs 9, 18, 53 and 54.

According to Appendix C, part II, paragraph 54:

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A. enter into a contract for the acquisition of architectural and engineering services if the amount payable under the contract does not exceed \$40,000; and

B. increase the amount payable under a contract for architectural and engineering services by a total amount not exceeding \$20,000."

These 2 limits have been interpreted as "contract entry" and "total value of the amendments", respectively.

Consequently, the DND/CAF contracting authority is capped at these limits if these services are purchased via:

- a Call-up against a standing offer;
- a contract against a supply arrangement;
- a competitive process (i.e. column 17 of the matrix, Contracting for services, Competitive, General).

References: [TB Contracting Policy, Appendix C, Part 1 \(schedule 3\) and part 2 \(paragraph 9,18,53 and 54\)](#)

#### 1.4.9 Specific Authority Required to Approve Procurement and Contracting Documents

The same authorities are required for equivalent online requests. Authorities may be reduced further through local restrictions and through an individual's signed delegation of authorities form.

Document (or equivalent online request)	Authority Required	Delegation Matrix	PAM
PWGSC 9200 requisition	Procurement Initiation	Column 14	1.4.3
Request to DCC	Procurement Initiation	Column 14	1.4.3
Request to ADM(Mat) procurement directorates	Procurement Initiation	Column 14	1.4.3
PWGSC 942 Call-up against a Standing Offer (SO)	Contracting Authority	Column 23	1.4.4
Contract against a Supply Arrangement (SA)	Contracting Authority	Column 24	1.4.5
Service Contract Depending on the Service and extent of competition	Contracting Authority (services)	Column 16 through 21	Refer to individual's signed Delegation of Authorities Form.
Government of Canada Purchase Order – GC 111-1	Contracting Authority	Column 15 through 21	Refer to individual's signed Delegation of

Document (or equivalent online request)	Authority Required	Delegation Matrix	PAM
or online equivalent  Depends on the Services or Goods and extent of competition			Authorities Form.
DND 626 – Task Authorization	FAA Section 32	Column 1	1.4.6
DND 2450 – FE form	FAA Section 32	Column 1	1.4.7
PSPC <a href="#">Professional Services (PS) Online</a>	Contracting Authority (services)	Column 17 Column 18	1.4.8

### 1.4.10 References

[PIA Workshop audio-presentation](#)

## 1.5 Ethics in the Procurement Process

- 1.5.1 Defence Ethics Program
- 1.5.2 DND and CAF Code of Values and Ethics
- 1.5.3 Ethics within the Procurement Process
- 1.5.4 Department of National Defence (DND) Resources

This section deals with general ethics in the procurement process.

Section 5.8.1.2 "Actions Required Upon Contractor's Arrival" provides details on avoiding employee/employer relationships with Contractor personnel.

### 1.5.1 Defence Ethics Program

The mission of the [DND Ethics Programme \(DEP\)](#) is to guide DND and CAF personnel in choosing conduct that is consistently ethical.

The [Statement of Defence Ethics](#) applies to both the individual and organizational levels and is accessible on the Defence Ethics Program website.

DEP operates within [The Defence Integrity Framework](#) as well as the linked [Terms of Reference \(DEP\)](#).

### 1.5.2 DND and CAF Code of Values and Ethics

The [DND and CAF Code of Values and Ethics](#) fully integrates and expands on the values and expected behaviors found in the [Values and Ethics Code for the Public Sector](#). It includes Principles, Values and Expected Behaviors of DND Employees and CAF Members.

The DND and CAF Code of Values and Ethics is to be read in conjunction with applicable Defence Administrative Orders and Directives (DAODs). DAODs include reporting procedures, procedures for filing a confidential report as well as procedures for the acceptance of gifts, hospitality or other benefits.

- [7021](#)
  - [7021-0, Conflict of Interest and Post-Employment](#)
  - [7021-1, Conflict of Interest](#)
  - [7021-2, Post-Employment](#)
  - [7021-3, Acceptance of Gifts, Hospitality and Other Benefits](#)
  - [7021-4, Solicitations, Sponsorships and Donations](#)
- [7023](#)
  - [7023-0, Defence Ethics](#)
  - [7023-1, Defence Ethics Programme](#)
- [7024](#)
  - [7024-0, Disclosure of Wrongdoings in the Workplace](#)
  - [7024-1, Internal Procedures for Disclosure by DND Employees of Wrongdoings in the Workplace](#)
- [7025](#)
  - [7025-0, Fraud Prevention and Management](#)
- [7026](#)
  - [7026-0, Administrative Investigations](#)
  - [7026-1, Management of Administrative Investigations](#)

### 1.5.3 Ethics within the Procurement Process

Ethical situations can be avoided by keeping the following in mind throughout the procurement process:

- Follow accepted practices which encourage a fair and equitable competitive process.
- Be fair, honest and responsible.
- Ensure no personal benefit is to be derived and avoid conflict of interest situations.
- Choose the best option considering procurement and contracting rules and consequences.
- Treat all bidders equitably with honesty, respect and fairness. If there is additional information to be provided on the solicitation, it must be supplied to all bidders.
- Do not socialize with a contractor during the RFP process, the contract negotiations and the contract award process.
- If unsure of how to deal with an ethical situation:
  - Ask for time to reflect.
  - Confirm whether there is policy on the subject.
  - Ask your manager and colleagues for advice on the matter.
  - Disclose it only to colleagues who have the appropriate security clearance and access to the information or situation.
  - Contact the Group Ethics Advisor within your L1.

### 1.5.4 Department of National Defence (DND) Resources

[Employee Assistance Program](#)

The [Assistant Deputy Minister \(Review Services\)](#) ADM(RS), as the designated senior official, is responsible for assisting DND employees and CAF members with the resolution of ethical issues.

For further information on any issues regarding conflict of interest, post-employment, acceptance of gifts, hospitality and other benefits, and sponsorships and donations, ADM(RS) may be contacted at:

- Phone: 613-995-7841
- E-mail: [CRS-CSEx@forces.gc.ca](mailto:CRS-CSEx@forces.gc.ca)

**DND/CAF Ombudsman:** Investigates complaints and serves as a neutral third party on matters related to DND employees and CAF members. It can be contacted at:

- Phone: Toll-free at 1-888-828-3626

**Internal Disclosure Office:** Supports employees reporting wrongdoing in the workplace. For further information you may contact them at:

- Phone: Hotline in North America: 1-866-236-4445 and
- Hotline in Ottawa: 613-992-0356
- Email: [IDO-BDI@forces.gc.ca](mailto:IDO-BDI@forces.gc.ca)

## **1.6 Access to Information for Procurement Documents**

### **1.6.1 Context**

The Access to Information Act (ATIA) was passed in 1983 to provide Canadian citizens, permanent residents and any persons and corporations present in Canada a right of access to information in records under the control of the Government of Canada. The Act is in accordance with principles that:

- Government information should be available to the public;
- Necessary exemptions should be limited and specific;
- Decisions to refuse to disclose government information should be reviewed independently of government.

The ATIA was amended in 1999 making it an indictable offence, or an offence punishable on summary conviction, to:

- Destroy, mutilate, or alter a record;
- Falsify a record or make a false record;
- Conceal a record;
- Direct, propose, or counsel any person in any manner to take such actions
- with the intent to deny the right of access provided by the ATIA.

A person guilty of such an offence is liable to imprisonment and/or a fine.

The ATIA is a statute of Canada and requires the PA's compliance and diligence just like all other laws.

With the increased public interest in and scrutiny of Defence purchases, it is probable that a PA will be involved in preparing answers to Access to Information (ATI) requests.

### **1.6.2 DND ATI OPI**

The Directorate Access to Information and Privacy (DAIP) is the single coordinator responsible for administering the ATIA within DND/CAF.

DAIP's mandate is to act on behalf of the Minister of National Defence in enforcing compliance with legislation, regulations and government policy and to create departmental directions, including standards, in all matters relating to the ATIA. DAIP's authority in this regard extends to all elements of DND/CAF – except for the Office of the Ombudsman, the Military Police Complaints Commission and the Canadian Forces Grievance Board.

For further information on any issues concerning Access to Information or Privacy, contact DAIP:

- Phone: (613) 992-0996 or toll free 1-888-272-8207
- Fax: (613) 995-5777
- E-mail address: [ATIP-AIPRP@forces.gc.ca](mailto:ATIP-AIPRP@forces.gc.ca)

### **1.6.3 Definitions**

#### **1.6.3.1 Record**

Any documentary material, regardless of medium or form

#### **1.6.3.2 Types of Records**

Departmental records may include, but are not limited to:

- Operational records;
- Administrative records;
- Transitory records (where such records have been retained).

**Note:** All relevant records, regardless of type, are subject to the ATIA and must be provided in response to an Access Request.

### **1.6.4 General Principles**

#### **1.6.4.1 Access to Records**

Right of access applies to all records under the Department's control, unless the records qualify for an exemption or are specifically excluded from the application of the ATIA.

Section 25 of the ATIA stipulates that only information that qualifies specifically for an exemption or exclusion under one of the provisions of the Act may be refused. All other information found in a record subject to a request under the ATIA must be provided to the requestor.

### 1.6.4.2 Exempted Material

An exemption is a provision of the ATIA that entitles the head of a federal institution to refuse to disclose a record, or any part of a record, requested under the ATIA.

The records containing information that may or must be exempted from access are described in the ATIA Exemptions Classification Chart, sections 13 to 24 and 26:

#### ATI Exemptions Classification Chart

SECTION	SUBJECT	Nature
	<b>Records containing:</b>	
13(1)	Information obtained in confidence from other Governments	Mandatory
14	Disclosure of which could reasonably be expected to be injurious to the conduct by the Government of Canada of federal-provincial affairs	Discretionary
15	Disclosure of which, could reasonably be expected to be injurious to the conduct of international affairs, the defence of Canada or any state allied or associated with Canada or the detection, prevention or suppression of subversive or hostile activities.	Discretionary
16(1)	Information pertaining to Law enforcement and investigations, Security, Policing Services for Municipalities	Discretionary
17	Disclosure of which could reasonably be expected to threaten the safety of individuals.	Discretionary
18	<p>Information containing trade secrets or financial, commercial, scientific or technical information that belongs to, and has consistently been treated as confidential by,</p> <ul style="list-style-type: none"> <li>(a) the Canada Post Corporation; (except activities full funded out of moneys appropriated by Parliament)</li> <li>(b) Export Development Canada;</li> <li>(c) the Public Sector Pension Investment Board; or</li> <li>(d) VIA Rail Canada Inc.</li> </ul> <p>Except information pertaining to the general administration of the above.</p>	Discretionary
19(1)	Personal information as defined in section 3 of the <i>Privacy Act</i> , except where the individual consents, the information is publicly available, or disclosure is in accordance with section 8 of the <i>Privacy Act</i> .	Mandatory
20(1)	<p>Information pertaining to any persons or organization other than the person that made the request or a government institution. Including:</p> <ul style="list-style-type: none"> <li>• Trade secrets</li> <li>• Confidential financial, commercial, scientific or technical information</li> </ul>	Mandatory

SECTION	SUBJECT	Nature
	<ul style="list-style-type: none"> <li>Confidential information provided for the preparation, maintenance, testing or implementation by the government institution of emergency management plans</li> <li>Information that would prejudice the competitive position of, a third party; or</li> <li>Information that would interfere with contractual or other negotiations of a third party.</li> </ul> <p><b>NOTE:</b> where a record is believed to contain third party information, the third party must be given the opportunity to give reasons why access should be denied.</p>	
20(2)	Product or Environmental Testing only if done as a service to a person, a group of persons, or an organization other than a government institution for a fee.	Mandatory
21(1)(a) thru (d)	Advice, recommendations, deliberations, negotiations, Personnel and Administration Plan	Discretionary
22	Testing procedures, tests and audits	Discretionary
23	Solicitor-Client privilege	Discretionary
24	Statutory prohibitions against disclosure	Mandatory
26	Information to be published in the near future	Discretionary

There are two types of exemptions:

- **Mandatory exemption:** Normally requires the institution to refuse to disclose the records in whole or in part. In some instances, mandatory exemptions may be released (for example, if the Department received the consent of the third party affected or if the information is publicly available).
- **Discretionary exemption:** Provides a government institution with an option to disclose the information where it is felt that no injury will result in the disclosure, or that the interest in disclosing the information outweighs any injury that could result from disclosure.

**Note:** [DAOD 1001-1, Formal Requests for Access to Departmental Information](#), provides the full ATI exemptions Classification Chart including the guidelines for disclosure.

#### 1.6.4.3 Excluded Material

The ATIA applies to all records under the control of federal institutions, except for the categories of information specifically excluded from its scope, as described in the ATIA Exclusions Classification Chart, sections 68 and 69:

##### Section 68:

- Published material or material for purchase by the public;
- Library or museum material;
- Material placed in the National Archives of Canada;
- Material placed in Museums or the National Gallery of Canada by or on behalf of persons or organizations other than government institutions.

##### Section 69:



Confidence of the Queen's Privy Council for Canada.

Also known as a Cabinet Confidence, this is a record, or any information in a record, that describes the individual or collective decision- and policy-making process of Ministers or Cabinet. Some examples are: Records of Cabinet Decisions (RDs), Cabinet Agendas, Committee Reports (CRs) and Memoranda to Cabinet (MCs), Analyses, Aide Memoires, Presentation Decks, Treasury Board Submissions, Treasury Board Decisions, briefs to Ministers, letters between Ministers and records of communications between Ministers.

Care must be taken to include only records that were for the Minister's use. For example, records created for use by officials while developing policies are not Cabinet Confidences.

For more information, see [DAOD 9000-0, Cabinet Confidences](#).

### **1.6.5 Time Limits and Extensions**

The following time limits and extensions apply to DND and the PA.

#### **1.6.5.1 DND's Time Limit and Extension**

DND shall respond to an ATI request within 30 days of receipt of an ATI request from an applicant, unless an extension is requested.

Applicants are entitled to quick processing of their requests. Responding to these requests within the ATIA's time limit of 30 calendar days is essential to ensure the success of the Department's policy of transparency and to promote its relationship with the Canadian public.

Extensions to this statutory time limit may be claimed in certain circumstances, and may be granted by NDHQ/DAIP if:

- The request is for a large number of records or necessitates an extensive search through a large number of records, and meeting the original time limit would unreasonably interfere with the operations of the Department;
- Consultations with other federal government organizations are necessary in order to comply with the request and they cannot reasonably be completed within the original time limit; or
- Notice of the request is given to a third party (such as a company) pursuant to subsection 27(1) of the ATIA.

#### **1.6.5.2 PA's Time Limit**

The PA shall respond within 14 days of receipt of an ATI request from DAIP, unless DAIP grants an extension.

### **1.6.6 General Process - Overview**

The ATI general process within DND is as follows:

- Directorate Access to Information and Privacy (DAIP) receives a written request for Access to Information from an applicant;

- DAIP verifies the completeness and the clarity of the request
  - If the request is unclear or incomplete, DAIP clarifies it with the applicant by phone or mail;
- DAIP identifies the appropriate Level 1 Organization(s);
- DAIP sends the folder with a covering tasking memo to the ATI Tasking Liaison of the Level 1 Organization(s);
- The ATI Tasking Liaison notifies the PA and coordinates the reply;
- An extension of the time limit is requested, if required;
- The PA produces all relevant records and/or a fee estimate;
- The PA recommends the exemptions/exclusions;
- The PA responds through their chain of command within the allotted time limit;
- DAIP reviews the proposals to ensure consistency with the ATIA
  - If there is a difference of opinion, DAIP consults with the PA (through the ATI Tasking Liaison) to resolve it;
- The records are released to the applicant with all the exempted/excluded material severed (deleted);
- DAIP makes these same records available to the public, normally within 10 working days after they are mailed or delivered to the applicant.

### 1.6.7 PA's Responsibility and Tasks

The PA is responsible for the following tasks:

a) Conduct a preliminary assessment of the ATI request:

- Review the ATI request to determine if it has been sent to the right OPI
- Inform DAIP (through the ATI Tasking Liaison) if some other groups have relevant records and should be contacted
- Assess the time required to respond to the relevant parts of the request and advise DAIP (through the ATI Tasking Liaison) of any need for extensions to the statutory time limit of 14 calendar days
- Locate records that the PA is responsible for and that fall within the bounds of the request, regardless of form (handwritten notes, e-mail or electronic records, etc. must all be identified), ensuring that records are complete
- Take one of the following steps:
  - If no record falls within the bounds of the request, go to step (b)
  - If the total search time is expected to be less than 5 hours, go to step (c)
  - If the total search time is expected to exceed 5 hours or if the request has been tasked to multiple offices (as shown in the DAIP tasking memo), go to step (d).

b) If no record falls within the bounds of the request:

- Sign the "Nil return" block of the OPI Guidance Checklist and Return Form which is included in the DAIP folder
- Return the folder to the ATI Tasking Liaison who will forward it to DAIP within 14 calendar days of its receipt from DAIP.

c) If the total search time is expected to be less than 5 hours:

- Copy all the records
- Determine sensitivity of the information:
  - Use the ATI Exemptions Classification Chart (PAM 1.6.4.2) to assess if the information should be released or not
  - Use the ATI Exclusions Classification Chart (PAM 1.6.4.3) to assess if the information should be released or not
  - Seek advice from DAIP if further explanation of ATIA exclusions and exemptions is required
  - Recommend severances. All severance recommendations are to be highlighted or circled in yellow and the specific section of the Act indicated in the margins and also highlighted in yellow
- Have the appropriate authority (Director level) sign the reply memo to DAIP. Identify the requests that may be sensitive for the Department or the Minister
- Notify senior management of potentially sensitive information releases so that briefing notes, Media Response Lines or other required items can be produced
- Complete the DAIP ATI Costing Sheet which is included in the DAIP folder
- Send the completed request back to the ATI Tasking Liaison within the original allotted time limit, or within the extended time limit, if one was granted by DAIP.

d) If the total search time is expected to exceed 5 hours or if the request has been tasked to multiple offices (as shown in the DAIP tasking memo):

- Provide an estimate of total estimated search time to the ATI Tasking Liaison:
  - Including the approximate time it will take to examine all documentation to identify the records relevant to the ATI request
  - Excluding administrative, reviewing, or vetting time or time to photocopy the records
- Wait for DAIP's advice. DAIP will contact the applicant, who will determine if the request is to be maintained as is, modified or cancelled (as there is a cost with continuing the process when the total search time exceeds 5 hours)
- Take the required action, as informed by DAIP:
  - Maintain – Continue the process; go to step (c)
  - Modify – Restart processing the amended request from step (a)
  - Cancel – Do not go further in this process. Return the file to the ATI Tasking Liaison.

### 1.6.8 General Guidelines for PAs

The PA should:

- Recommend severance of the unit prices.
- Recommend severance of the quantity ordered.
- Not sever the contractor or company's names.

**Note:** Exceptions as indicated in ATI Exemptions Classification Chart, above. For example, the actual names of local, in-theatre, contractors may be replaced by a generic term such as "Afghan - Local Contractor"

- Not sever the government employees' / CAF Members' names.
- Not sever the total price of the contract.

### 1.6.9 References

- [DAOD 1001-0, Access to Information](#)
- [DAOD 1001-1, Formal Requests for Access to Departmental Information](#)
- [Access to Information Act \(Department of Justice Canada\)](#)

## 1.7 SECURITY IN THE PROCUREMENT AND CONTRACTING PROCESS

The following section includes information on the following topics:

- 1.7.1 PA's Responsibilities in Regards to the Security in the Procurement and Contracting Process
- 1.7.2 General Information on Classified and Designated (Protected) Information and Assets
- 1.7.3 Contract Security Process
- 1.7.4 References

### 1.7.1 PA's Responsibilities in Regards to the Security in the Procurement and Contracting

The National Defence Security Orders and Directives (NDSOD) apply to the conduct of the activities and operations of both the DND and the CAF. They are directives that apply to the employees of the Department of National Defence (DND employees) and orders that apply to officers and non-commissioned members of the Canadian Armed Forces (CAF members).

NDSOD Chapter 8 focuses on what must be in place in order to ensure security is incorporated into all industrial contracts. The PA/CA's responsibilities are to ensure that the direction in [NDSOD, Chapter 8](#) is applied throughout the procurement and contracting process. This chapter provides guidance during the process of implementing security in contracts. It is imperative to consider the security risks throughout the life of the contract starting from the identification of a deliverable, following through the life of the deliverable and, when applicable, including the destruction of the material or information produced by the contract. The DND and the CAF often require the skills of contractors. This chapter explains the measures by which a high level of security is maintained when using these resources.

Information about security directives, related to procurement and contracting process, can be found throughout the [NDSOD](#)

### 1.7.2 General Information on Classified and Designated (Protected) Information and Assets

Complementary to the direction in Chapter 8, the information contained in a procurement file must follow departmental direction regarding security.

The direction in [NDSOD Chapter 6](#) will be followed as direction regarding Security of Information.

The TA is responsible to identify in any of the categories mentioned below the information required to be incorporated in the SOW/SOR.

The CA/PA must ensure that the procurement/contract file is updated with the applicable documents in support of these categories of information.

The following are categories of information that might be part of the procurement file, with reference to the applicable NDSOD, Chapter 6 and Standards 6 addressing the following:

- a. Categorization of information, including information mentioned in the contracts;
- b. Personal Information;
- c. Operations Security, designed to safeguard PROTECTED and CLASSIFIED information (also referenced in [NDSOD Chapter 14](#));
- d. Special Access Program, designed to address enhanced security protection;
- e. Special Material, designed for information and materials bearing Special Access (SA) markings;
- f. Cabinet confidences;
- g. Controlled goods (also referenced in [NDSOD Chapter 15](#));
- h. Categorization process for:
  - 1. Categories of information: CLASSIFIED and PROTECTED;
  - 2. Levels of injury for Classified Information (CONFIDENTIAL, SECRET and TOP SECRET);
  - 3. Levels of injury for Protected Information (PROTECTED A, PROTECTED B and PROTECTED C)
- i. Marking of information sensitivity;
- j. Access and Need to Know;
- k. Security Screening for the 3 levels of security screening:
  - 1. Reliability Status
  - 2. Secret and
  - 3. Top Secret
- l. Interim Access in Emergencies;
- m. Sensitivity Assessment and Downgrading;
- n. Secure Handling of External Information (in DND, the CA must use the contract clause named "[Access to DND Computer System](#)" and the DND non-disclosure agreement (NDA) named "[Access and Non-Disclosure Agreement](#)" when the contractor requires access to DRMIS. This contract clause and NDA will assist in mitigating the risk of contractors accessing commercially sensitive data in the DRMIS);
- o. Storage and Handling of information;
- p. Transport and Transmittal of information;
- q. Disclosure and Sharing of Sensitive Information; and
- r. Disposal of information.

### 1.7.3 Contract Security Process

The steps outlined in [NDSOD, Chapter 8](#), Section 1: Contract Security Process provides guidance during the process of implementing security in contracts. In instances where security requirements cannot be met, the TA must not assume risk that reduces the security posture below the minimum security standard as defined in the NDSOD. Deviation from the minimum standards must be approved through DGDS by preparing a risk mitigation plan, following the direction in the NDSOD.

NDSOD [Chapter 8, Annex A, Table 3](#): Minimum Security Levels for Contract Activities contains the minimum security levels for various activities related to contracting.

Activities for contract security are:

- 1.7.3.1 Security Identification Document (SID)
- 1.7.3.2 Threat and Risk Assessment (TRA)
- 1.7.3.3 Security Requirement Check List (SRCL)
- 1.7.3.4 Visit Clearance Request (VCR)
- 1.7.3.5 Information Technology (IT) Security Requirements Document

Specific inquiries should be directed to DGDS Industrial Security Staff ([++Industrial Security@VCDS DGDS@Ottawa-Hull](#)).

#### 1.7.3.1 Security Identification Document (SID)

The SID is a DGDS template that will assist contract authorities and project managers in the completion of the Threat and Risk Assessment (TRAs) and Security Requirement Checklists (SRCLs) and informs DGDS on security requirements for contracts.

Direction on how and when to complete the SID is addressed in [NDSOD, Chapter 8](#), Annex named: Security Identification Document (SID)

Part A of the SID is to be completed by TA in partnership with PA/CA or the Project Manager for contracts that involve contractor access to: special rooms in a security zone; a high security zone; or secret and higher classified information or assets.

Once completed, the PA/CA or the Project Authority will submit it to DGDS – Industrial Security (+Industrial Security@VCDS DGDS@Ottawa Hull).

Part B of the SID is to be completed by TA in partnership with PA/CA or the Project Manager for contracts that will require contractor access to the DND or the CAF Information System (IS) or where contractor facilities will be processing electronic data or sending data to the DND or the CAF via electronic means. In addition, Part B of the SID is to be completed for each contractor's facility and for each contractor involved in a contract.

Once completed, the PA/CA or the Project Authority will submit it to DGDS – Industrial Security (+Industrial Security@VCDS DGDS@Ottawa Hull).

### 1.7.3.2 Threat and Risk Assessment (TRA)

The TA is responsible to identify the security requirements needed in a contract and to create a Threat-Risk Assessment (TRA) as per [NDSOD, Chapter 3](#).

TRA methodology and processes address all relevant aspects of the threat assessment, including asset and service criticality; threats and hazards, vulnerabilities (including the effectiveness of existing controls or measures), and the identification, analysis and evaluation of all associated security risks.

The PA/CA will ensure that contract documents address security requirements and a TRA is included in the procurement file.

Direction on how to conduct a TRA is addressed in [NDSOD, Chapter 3, Section 3](#) "Conduct of Threat and Risk Assessment".

### 1.7.3.3 Security Requirement Check List (SRCL)

The SRCL is a Treasury Board Secretariat (TBS) form that is used to define the security requirements associated with all contracts, including sub-contracts that contain security requirements, purchases using a payment card and call-ups against standing offers and supply arrangements.

The TA must, for each contract requirement:

- complete and sign an SRCL.
- send the completed SRCL to the CA

Note 1: A specific concern often overlooked is the consideration of the security requirements of the delivery point.

Note 2: the TA is to/should consult with their security officer in completing the SRCL and other security related documents for their procurement and contracting activities.

Directions on how to complete the SRCL is provided in [NDSOD Chapter 8](#), Annex named "Contract Security Process Aids" and Annex named "Security Requirement Check List Instructions"

The PA/CA must:

- follow the process identified in [NDSOD Chapter 8](#), Annex named "Security Requirement Check List Instructions" if it is determined that there are security requirements involved with a contract.
- keep a signed copy of the SRCL in the procurement file, even if it is determined that there are no security requirements involved with a contract. A signed copy of the SRCL must be retained on the contract file.

There could be situations where an advance procurement notice is used. Consideration should be given to include requirements of security clearances related to a particular future contract that will allow the bidders to begin the security clearance process before the full release of solicitation documentation.

For requirements when the Contracting Authority resides in DND, the Contracting Authority and the organization's security officer will determine at what point in the procurement process the advance procurement notice can be released, if applicable.

For requirements when the Contracting Authority resides outside DND, the Procurement Authority, with input from the organization's security officer, will liaise with the Contracting Authority organization for any advance procurement notice requirements.

For situations when an Industry Briefing event (for example an on-site inspection) has security requirements, the TA, PA/CA and the organizations security officer will assess in advance the need for an advance procurement notice publication.

#### **1.7.3.4 Visit Clearance Request (VCR)**

The VCR form is used by Canadian Industry when visiting DND and the CAF, and also must be used when DND and CAF personnel are required to visit Canadian Industry.

General direction on staffing a VCR is addressed in [NDSOD Chapter 8](#), Annex named "Canadian Industry Visits to Defence Establishments".

The "Organizational Authority" mentioned in this Annex is actually the TA who will keep the PA/CA informed on all actions performed during the VCR process.

Specific inquiries can be directed to DGDS Industrial Staff ([+Industrial.Security@VCDS.DGDS@Ottawa-Hull](mailto:+Industrial.Security@VCDS.DGDS@Ottawa-Hull)).

To assist with the security screening requirements, [NDSOD Chapter 8](#), Annex A, Table 3: Minimum Security Levels for Contract Activities contains the minimum security levels for various activities related to contracting.

Direction and procedures on staffing a VCR when Canadian Industry visit DND and the CAF (including the case of Temporary Help Services) is addressed in NDSOD, Chapter 8, Annex called: "Canadian Industry Visits to Defence Establishments".

Direction and procedures on staffing a VCR when DND and the CAF visit Canadian Industry is addressed in [NDSOD, Chapter 8](#), Annex called: Visits of DND Employees and CAF Members to Industry.

#### **1.7.3.5 Information Technology (IT) Security Requirements Document**

If a supplier use "its" Information Technology (IT) System to electronically process, produce and/or store DND/CAF sensitive data (PROTECTED A and higher), including CTAT and/or ITAR information, an IT Security Requirements Document must be submitted in addition to an SRCL. NDSOD Chapter 8, Annex C: Security Requirements Check List Instructions outlines specific IT security requirements that the supplier will need to satisfy in order to be able to process DND/CAF protected, classified or sensitive electronic information.



For assistance contact [++DWAN National ISSO-OSSI National du RED@ADM\(IM\) DIM Secur@Ottawa-Hull](mailto:++DWAN.National.ISSO-OSSI.National.du.RED@ADM(IM).DIM.Secur@Ottawa-Hull).

#### 1.7.4 References

##### National Defence Security Orders and Directives

Points of contact:

- General Industrial Security Inquires: [+Industrial Security@VCDS DGDS@Ottawa-Hull](mailto:+Industrial.Security@VCDS.DGDS@Ottawa-Hull)
- VCRs: [+Visit Clearance Requests@VCDS DGDS@Ottawa-Hull](mailto:+Visit.Clearance.Requests@VCDS.DGDS@Ottawa-Hull)
- SRCLs: [+SRCL@VCDS DGDS@Ottawa-Hull](mailto:+SRCL@VCDS.DGDS@Ottawa-Hull)

#### 1.8 Inappropriate practices related to the contracting and procurement process

This section includes information on the following topics:

- Contract splitting, PAM 1.8.1;
- Payrolling, PAM 1.8.2;
- Employer-employee relationship, PAM 1.8.3;
- Contracting irregularities (confirming orders, contract ratifications, contract reporting), PAM 1.8.4.

The CA's and the PA's responsibilities are to:

- Read the information and references provided in this section on inappropriate practices related to the contracting and procurement process;
- Ensure that these inappropriate practices are avoided in the procurement and contracting process.

##### 1.8.1 Contract Splitting

The CA and the PA must understand what contract splitting is and how to avoid it. Otherwise, the contracting authority may be overstepped and/or the guiding principles of contracting may be circumvented.

##### **What is Contract Splitting?**

Contract splitting involves the use of multiple contracts for a single requirement, circumventing contract authority levels, approval processes, or other policies, procedures, or regulations. Contract splitting can also occur when multiple contracting vehicles are used for a single requirement.

This practice is prohibited and may also be illegal, depending upon the policy being circumvented.

Examples of contract splitting:

- There is a need for a dozen (12) computers. The Standing Offer to be used limits the call-up to eight (8). To meet the need, the CA processes two call-ups (one for five (5) computers and one for seven (7) computers).
- An original contract was put in place for less than \$5000 and then amended to over \$5000, even though it was known at the outset that the value would be over \$5000.
- It is known that a requirement for quantity three (3) of an item will cost \$6000. However, because of that contract value, it means going up a level of approval. The CA awards one contract for \$4000 and then a second contract for \$2000.
- In the case of services, the CA issues a contract of \$5,000. When the contract expires, the CA issues a call-up against a Standing Offer/Temporary Help for the same requirement.

These examples demonstrate:

- circumvention of the necessary controls and contract approval authorities;
- evasion of the competitive process;
- reduction in public transparency.

### **Contract splitting is to be avoided and is contradictory to the Contracting Policy.**

The CA and the PA must approach the organization with the necessary authority when the value of the requirement exceeds their contracting authority. This may be PSPC or D Svc C or a person within the CA's chain of command with higher levels of contracting authority.

### **How to Recognize Contract Splitting**

The following is a list of indicators that the contracting officer may be contract splitting:

- Using a lower dollar value within the CA's contracting authority and then submitting amendments;
- Multiple contracts being issued to the same contractor for the same goods or services within a short timeframe (e.g. within a two year period);
- Often linked to sole source contracts is the phrase – "Due to company A's previous experience, they are a preferred contractor ...";
- Words such as "phase" or "stage" – these are allowable as long as they are part of a justified, documented, transparent, and fair process;
- An ongoing need for a service where a standing offer or staffing action might be more appropriate;
- Multiple call-ups against a standing offer for the same or similar needs;
- "Year-end" does not mean "urgent". If the requirement is truly urgent and beyond the CA's contracting authority, at year-end or any other time, the CA is responsible to contact a contracting expert within their organization for guidance.

### **CA and PA responsibility**

When contract splitting is suspected, the CA/PA must:

- contact the CA (if the PA is not the CA);
- contact a contracting and/or a procurement expert within their organization;
- contact DMPP 4;

- Consult with legal counsel.

### 1.8.2 Payrolling

The PA and the CA must recognize the indicators of payrolling.

Payrolling is defined as “the practice by which firms are instructed by a government department or agency to employ specified individuals who are then assigned to provide services to that department or agency under contract.”

Source: [Treasury Board Contracting Policy](#)

Therefore, payrolling involves instructing a company, directly or indirectly, to employ a specific individual who is then assigned to provide services under the contract.

This denies the opportunity to other qualified individuals and firms and is **strictly prohibited**.

Payrolling is often coupled with unjustified sole sourcing or inappropriate mandatory criteria.

Example of payrolling:

- The Statement of Work and evaluation criteria are drafted in such a way that only one individual can do the work (outside of an acceptable sole source justification) and indicates that companies need to hire a specific individual to win the contract.

In the case of potential payrolling, other companies can contact senior management, the Minister, the Canadian International Trade Tribunal (CITT) if it applies or the new Procurement Ombudsman and complain about public servants abusing their authority. If they win their case, the complainant may be awarded the value of the contract, even though they did not win the original contract.

Indications of potential payrolling include:

- Only one bid is received in a solicitation process.
- The same resume of a single individual is provided by all of the firms submitting a bid.
- A THS or SO contract expires and a new one is submitted with a different firm who is providing the services of the same individual.

### CA and PA responsibility

When payrolling is suspected, the CA/PA must:

- Proceed with caution;
- Contact the CA (if the PA is not the CA);
- Contact a contracting and/or a procurement expert within their organization;
- Contact the DMPP 4 organization (Point of Contact: [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)](#) [DMPP@Ottawa-Hull](#));
- Consult with legal counsel.

### 1.8.3 Employer/Employee Relationship

The CA and the PA must recognize the indicators of an Employer/Employee (E/E) relationship and minimize the risk of its occurrence through a proper contracting process.

Only the Public Service Commission (in accordance with the Public Service Employment Act) has the right to hire public service (non-military) employees for DND.

If an employer/employee relationship is established with an outside contractor or consultant, then there are potential large, adverse implications for DND, where the Department is responsible for pensions, employment insurance, and so on.

Useful guideline:

A contractor/consultant (i.e. a non-DND employee) can be told “what is needed” and “when it is to be delivered”.

It is the contractor’s discretion to direct “how it will be performed” and “under what employment conditions” the work will be done, as long as their deliverables are met, in accordance with the Statement of Work.

#### Recognizing the Indicators of an Employer/Employee Relationship

If the answer is **NO** to the questions below, it may indicate the potential for an E/E relationship (or the potential for one developing):

- Is payment to be made on completion of work or fixed amount over a specified period or milestones as opposed to payment on a time rate or per diem basis?.
- Will the contractor be required to provide their own technical and clerical support, supplies and equipment?
- Will the contractor be required to perform the major portion of their task on their own premises?
- Is the work requirement sufficiently well defined in advance so that it will not depend on the development of ad hoc assignments during the course of the contract?
- Is the contractor afforded sufficient latitude to achieve the objectives of the statement of work without daily supervision by the Department as to how the work is to be accomplished?
- Is the contractor free from intervention by the department during the course of the contract in the sense that the department does not have a unilateral right to intervene and direct what work is to be done?
- Does the contractor have the authority to sub-contract and hire other persons?
- Is the contractor required to provide progress reports?
- Is the contractor required to perform a unique task as opposed to an integral and ongoing function of the department?
- Can the contract be described as an “arms length” transaction in the sense that it is not a renewal of a contractor who has been performing the same function over a period of years?

If the answer, or several of the answers, is “**NO**” to the checklist questions, you have a high potential for an actual or potential E/E relationship.

**Note:** A CA is limited in what can be done to prevent an E/E relationship from developing after contract award. The checklist above should be completed and signed by the client (TA) to ensure that the policy is known and respected.

Table reference to help avoiding an Employer/Employee relationship:

Possible E/E relationship if	Example	Ways to Avoid E/E relationship:
Under a supervisor's control	The Supervisor controls the contractor's hours of work, vacation requests, and so on.	Do not directly supervise the contractor as an employee.  Do not allow a contractor to supervise DND/CAF employees.
Work tools and facilities are provided	DND workstation, desk, office, and supplies are provided to the contractor.	The Contractor uses their own tools and facilities.
Integrated in the organization	The contractor attends general meetings, gatherings and tournaments.	The Contractor cannot represent the Crown or DND at meetings or committees nor can he/she attend social events unless it is without pay and on their own time.
Paid on the basis of time	The contractor is paid by the hour or day instead of by deliverables	Tasks should be identified in a Statement of Work. Payments are made on the basis of deliverables.
Training, formal or informal, is provided		The solicitation documents and contract should specify the level of knowledge and experience required and that training is the responsibility of the contractor.

### Important Tip:

When evaluating the risk of an employer-employee relationship, the CA and the PA must consider the following:

- Will the individual be given latitude on how to achieve the objectives of the Statement of Work (SOW) or am I exercising control on the time, place and the manner in which the work has to be done?
- Am I directing the individual on how to do their job or am I letting them deal with such issues and concern myself only with the deliverables?

### Note:

In situations where a public servant or CAF member is retiring, there is no appropriate way to contract for the services of that same individual to perform the same duties. Not only would there be a clear E/E relationship, a myriad of other policies would be violated.

### CA and PA responsibilities

The CA/PA must:

- Proceed with caution;
- Contact the CA (if the PA is not the CA);
- Try to correct this situation by working with the technical authority;
- Refocus the work on the deliverables and performance instead of time;
- Reduce direct Crown involvement in the process;

- Amend the original contract, if necessary, to increase the latitude given to the contractor and/or remove management oversight/control by the Crown;
- Contact the DMPP 4 organization (Point of Contact: [+Questions-Procurement-Contracting-Policy@ADM\(Mat\) DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat) DMPP@Ottawa-Hull));
- Consult with legal counsel.

## **1.8.4 Contracting irregularities (Confirming Orders, contract ratifications, contract reporting)**

### **1.8.4.1 Entering a Contract Without Authority**

For DND/CAF personnel, entering into a contract, written or verbal, without the pre-requisite delegated [contracting authority](#) is against the TB contracting policy and is not an acceptable practice.

Therefore, the [Delegation of Authorities for Financial Administration for DND and the CAF document \(A-FN-100-002/AG-006, page 6, paragraph 13, Withdrawal of Authorities\)](#) outlines that delegated authorities that are being:

- abused will be withdrawn;
- inadvertently exercised incorrectly will be as a minimum monitored closely, which may include probationary periods.

### **1.8.4.2 Examples of Possible Unauthorized Contracting**

Contracting is considered to be unauthorized when, for example, a DND/CAF person who does not have contracting authority:

- Verbally tasks a contractor to perform work or deliver goods without a formal contract in place;
- Authorizes work to proceed, or accepts delivery of work that is not covered in an existing contract;
- Authorizes a contractor to proceed with work that will exceed the value of the contract.

When the contractor proceeds with the work authorized by a DND/CAF person, a valid contract may exist even though the DND/CAF person did not have the necessary contracting authority.

### **1.8.4.3 Results of Unauthorized Contracting**

When the contract is found to be valid, DND is committed to honour the terms of the contract, including payment to the contractor for the work performed or in progress and, if necessary, for termination charges for cancelling the contract.

### **1.8.4.4 Mandatory Review Required**

A review is mandatory in the following circumstances:

- When a DND employee/CAF member without contracting authority has entered into a contract.

The individual must contact the Procurement Authority (PA) to review the process used and the contract details, in order to ratify the legitimacy of that contract.

- When a PA has entered into a contract without proper authority. The review will take place with the senior procurement manager on site.

#### 1.8.4.4.1 Conduct the Review Process

The PA or the senior procurement manager, when applicable, takes the lead in the process to ensure an impartial review takes place. The review includes the following steps:

- a) Examine the contract details to determine if a legally binding contract exists. For a [contract](#) to be legally binding, the conditions described in PAM 4.2.1 must apply.
- b) If there is any doubt that a contract exists, seek legal advice from the Office of the Department of National Defence/Canadian Forces Legal Advisor ([DND/CF LA](#)).
- c) Review the contract details:
  - Name of company;
  - Contract start date and end dates;
  - Description of work/deliverables requested;
  - Monetary value; and
  - Method of selection used.
- d) Recommend an appropriate course of action, seeking advice and assistance from [DND/CF LA](#), as appropriate:

The possible courses of action are as follows:

- Suspend the work and/or return the goods. Proceed with terminating the contract. This option may result in compensating the supplier for work performed to date or partial payment for goods received, and would also require a confirming order before compensation could be made (refer to PAM 1.8.4.5).
- Continue the work and/or retain the goods. Proceed with the administrative steps required to staff a request for a confirming order (refer to PAM 1.8.4.5).
- Re-tender the requirement, following [Government Contracting Regulations](#).
- Contract reporting to [DMPP 4](#): When a contract issued without authority is discovered after the work is completed and final payment has been made, ensure a report is sent to [DMPP 4](#) within 60 days.

Ensure that the report is signed by authorities at the level of BGen/Cmdr/EX 2 (Level 2).

Note the details of the review process, the resulting determinations and the actions taken to prevent reoccurrences. Also include the circumstances that led to the work being completed and final payment being processed prior to confirmation.

- Assess the need for an independent investigation when the cause is in doubt, or when the circumstances indicate the need for intervention or investigation.

- e) Identify corrective action to prevent a reoccurrence.
- f) Report the outcome of the investigation using the headings shown in PAM 1.8.4.4.2.

#### **1.8.4.4.2 Create a Report of the Investigation**

The PA documents all the information from the investigation in a report using the following headings:

- Purpose of the Report;
- Facts of the Investigation;
- Recommended Action;
- Action Taken to Prevent a Reoccurrence in the Future.

#### **1.8.4.5 Request a Confirming Order**

##### **1.8.4.5.1 Identify the Appropriate Contracting Authority**

The PA identifies the appropriate contracting authority, using the following guidelines:

a) **DND:**

The DND delegated contracting authority for goods and services is found in [Delegation Matrix](#), Columns 15-24 which identifies the positions in DND with this authority and the limits of the authority:

- **Services – Competitive and Non-competitive:**
  - In general, the contracting authority limits are regulated by columns 17, 18 and 19.
  - Contracting authority limits for specific services is regulated by column 16.
- **Goods:** - Competitive and Non-competitive:
  - In general, the contracting authority limit is regulated by column 15.
  - Contracting authority limit for specific goods is regulated by column 16.
- **Services – Former Public Servants:**
  - In general, the contracting authority limit is regulated by columns 20 and 21
- **Goods and Services – contracted via a Standing Offer**
  - In general, the contracting authority limit is regulated by column 23.
- **Goods and Services – contracted via a Supply Arrangement**
  - In general, the contracting authority limit is regulated by column 24.

**Note:** Individuals may have further restrictions documented locally or indicated on their Delegation of Authorities form.

b) **PSPC:**



PSPC has exclusive contracting authority for buying goods when the contract value is higher than \$25K. For competitive contracts the upper limit is \$10M (or \$40M electronic bidding) and for non-competitive is \$2M.

Also, PSPC has contracting authority for buying services for amounts higher than DND's contracting authority. For competitive contracts the upper limit is \$10M (or \$20M electronic bidding) and for non-competitive is \$3M.

If PSPC is unwilling to confirm the contract because of the process used by DND, Treasury Board will then be the CA.

**c) Treasury Board:**

Treasury Board has contracting authority for all goods valued greater than \$25K and services outside the department's delegated authority (\$100K for a non-competitive contract, \$400K for traditional competitive contract and \$2M for electronic competitive contract).

**Note:** Approval of a confirming order is neither automatic nor routine. The contracting authority may impose conditions on the contract, limit the contract approval or direct that specific corrective actions occur. Disciplinary or legal action may also result.

Prior to approving a confirming order the contracting authority must be satisfied that:

- The requirement was approved by a Section 32 authority and funded;
- Prices or rates are consistent with the best price provided to the government;
- The contract reflects contract regulations;
- He or she has the level of authority required to approve the confirming order;
- That the corrective actions identified are sufficient to prevent reoccurrences. (Extracted from D Svcs C site, Confirming Orders).

#### **1.8.4.5.2 Raise the Request**

The PA will submit the report of the investigation (PAM 1.8.4.4.2) and the request for a confirming order to the delegated appropriate CA as follows:

**a) When the PA is the CA:**

The PA is the CA when the goods and services and amount are within their contracting authority (refer to the [delegation matrix](#), column 15-24).

The PA files the investigation report (PAM 1.8.4.4.2) in the contract file along with a follow-up report on the action taken.

The PA could:

- Confirm the contract through a confirming order; or
- Recommend further investigation or higher level of approval through the chain of command.

**b) When the ECS, the Level 1 Advisor (Mil & Civ) or Equivalent is the CA:**

The Environmental Chief of Staff (ECS), Level 1 Advisor (Mil & Civ) or equivalent is the CA when the goods and services and amount are within their contracting authority (refer to the [delegation matrix](#), column 15-24).

The PA will prepare a memo to the ECS Level 1 or equivalent describing the details of the investigation report (PAM 1.8.4.4.2).

The ECS, Level 1 or equivalent may:

- i. Confirm the contract through a confirming order; or
- ii. Recommend further investigation, or higher level of approval through the chain of command.

**c) When [D Svcs C](#) is the CA:**

D Svcs C is the CA when the services and amount are within the contracting authority of the DM, ADM(Mat) and DG Proc Svcs (up to 100K for a non-competitive contract and \$2M for a competitive contract).

The PA will prepare a memo to D Svcs C, describing the details of the investigation report (PAM 1.8.4.4.2). The memo to D Svcs C must be signed at no less than the Brigadier-General/Commodore (BGEN/Cmdre)/Executive Level 02 (EX 02) level or equivalent.

COS ADM(Mat) or D Svcs C may:

- i. Confirm the contract through a confirming order;
- ii. Recommend further investigation or higher level of approval through the chain of command; or
- iii. Refuse to prepare a confirming order and request that the originator sends the requirement to PSPC or prepares a TB submission (see paragraph below).

**d) When PSPC is the CA:**

PSPC could be the CA for all contracts with values as described in PAM 1.8.4.5.1 b).

The PA will prepare a letter addressed to the appropriate PSPC Director (such as AMES, SIPS, ICPS or the supporting PSPC Regional Office), describing the details of the investigation report (PAM 1.8.4.4.2). The letter must be signed at no less than the Brigadier-General/Commodore (BGEN/Cmdre)/Executive Level 02 (EX 02) level or equivalent.

The PSPC review will follow the process described in [PWGSC Confirming Orders - Chapter 7F.691 - 7F.693](#). PSPC may:

- i. Confirm the contract through a confirming order; or
- ii. Refuse to prepare a confirming order and request that the originator prepares a Treasury Board Submission (see paragraph below).

**e) When the Treasury Board is the CA:**

Treasury Board is the CA when ADM(Mat), COS ADM(Mat) or D Svcs C is unable to confirm the contract because it exceeds the Minister of National Defence's Contracting Authority, or when PSPC is unwilling to confirm the contract because of the process used by DND.

It will be necessary to staff a TB Submission for contract approval through the appropriate Level 1 to D Svcs C. D Svcs C will review the TB submission and forward it to Treasury Board (refer to [TB contracting Policy sub-section 11.2.12](#)).

#### **1.8.4.6 Format of the Confirming Order**

A [sample format](#) for the confirming order may be found on the DMPP website under e-Docs.

#### **1.8.4.7 Invoice Payment**

For information on the invoice payment process, refer to PAM 5.6.

The Crown **may** have to pay interests under a confirming order used to legitimize a **verbal** contract. The PA must:

- ensure that all the essential elements of a "contract" exist (refer to [PAM 4.2.1](#));
- obtain DND/CF LA concurrence prior to the payment of interests.

#### **1.8.4.8 References**

- [Treasury Board Contracting Policy Sub-Section 4.1.11](#)

### **1.9 Revenue Dependency - PSPC**

This section provides guidance on the administration and management of PSPC Revenue Dependency (RD) charges to National Defence for the provision of mandatory common services (i.e. contracting activities) for procurement support.

#### **1.9.1 RD: Context**

In 1992, all the federal departments transferred funding (revenue dependency) to PSPC based on their historical contracting activity. National Defence transferred \$84 million in appropriated funds to PSPC.

In 2010, PSPC Acquisitions Branch obtained Treasury Board authority to increase their Revenue Dependency rate and approval for their new standardized Costing Methodology used to recover costs from client departments for provision of Dedicated Contracting Services.

#### **1.9.2 RD: Definition**

Revenue Dependency (RD) (also called Cost Recovery) occurs when there is an agreement between one (or more) government department(s) to pay the salary and/or related operating costs of an employee of another government department in order to provide support to a specific requirement for a set period of time.

The agreement is in the form of a Service Level Agreement or the more commonly used MOU.

### 1.9.3 Applicable Services To RD

As per the TB guidelines for departmental contracting authority and delegations authority, PSPC contracting services are an essential component to meeting DND operational and procurement requirements.

The following are typical examples of the requirements where DND (may) pay Revenue Dependency:

- Major Crown Projects
- Capital Projects
- Large, long-term Services contracts; O&M and NP (over \$200M)
- Koblenz requirements
- PSPC Washington support services

If a request to pay RD is received from PSPC but does not fall under one of the examples above, contact [+Strategic Procurement-Stratégie Achats@ADM\(Mat\) DGMSSC@Ottawa-Hull](mailto:+Strategic+Procurement-Stratégie+Achats@ADM(Mat)+DGMSSC@Ottawa-Hull) for further guidance.

### 1.9.4 PSPC Revenue Dependency Charging Model

The following PSPC charging model for Revenue Dependency (cost recovery) was submitted and approved by Treasury Board in June 2010:

Cost Object	Direct Operating Costs	Program Support Indirect -PSPC	Employee Benefits Plan (EBP)	Corporate Support	Total Indirect Cost Rate
Other Gov't Depts	Direct operating costs such as travel, professional services, hardware, etc.	<b>13.18%</b> <input type="checkbox"/> % Client Engagement Sector <input type="checkbox"/> Procurement Renewal Office <input type="checkbox"/> Policy sector <input type="checkbox"/> Common costs (ex. Legal, office equipment)	<b>22.22%</b> Calculated on direct salaries** but incl. EBP for indirect salaries	<b>5.60%</b> <input type="checkbox"/> % Finance, <input type="checkbox"/> % Human Resources	<b>41.00%*</b>

**\* Note: The indirect cost rate of 41% is subject to change by PSPC on an annual basis in accordance with their TB Approval.**

Application of Charging Formula:

(\*\*Direct Salary x Indirect Cost (1+rate)) + Direct Operating Cost = Revenue Dependency

**\*\* Salary estimate based on TB top of scale for each classification.**

Example of formula application:

PG-04 direct salary (PG-04 annual rate of pay, step 4, 22 Jun 2010): \$76,407

Indirect cost rate:  $1 + 41\% = 1.41$

Direct costs: \$50,000

PG-04  $(\$76,407 \times 1.41) + 50,000$  Direct Cost = \$157,734

Total Revenue Dependency: \$157,734

### 1.9.5 RD: Process

The DND RD OPI will issue a call letter in the Jan-Feb timeframe to advise of the planning cycle for the PSPC RD estimates for the upcoming fiscal year.

The RD process commences when:

- i) DND is advised by PSPC to pay RD if the procurement activity requires timely processing; or
- ii) An agreement is made between the DND Project Manager and the DND Procurement Director that RD is needed for the requirement/project

The DND Project Manager with the DND procurement director must assess the project/contract workload and related activities to determine the appropriate number and level of PSPC contracting resource(s) required to provide effective contracting support for the fiscal year.

The following factors should be taken into account when a PSPC resource or team is proposed:

- Complexity of procurement(s) involved
- Level of procurement/contracting experience of DND team
- Project milestones and timelines/scheduling
- Project deliverables dependent on approvals external to DND
- Experience level of proposed PSPC resource(s)
- DND project budget

It is up to the **Project Authority** (usually the PM) and the DND Procurement Director to negotiate and come to an agreement with PSPC on the estimated level of effort and estimated operating costs required. The size of the team and direct costs deemed necessary should be aligned to the workload of the project/contract.

Specific PSPC [Service Standards](#) have been developed as a reference for negotiations.

Once the estimated size of the PSPC team has been agreed upon in principle, PSPC will submit a cost estimate in the form of [RD Appendix B](#) to include the number, classification and level of each proposed team member (i.e. PG-05 x2) and required direct operating costs as deemed necessary.

The DND Procurement Director and DND **Project Manager** (or equivalent) should discuss any outstanding issues with PSPC and have the estimate adjusted accordingly.

Upon review of the proposed other direct cost line items, the Project Authority has the option to:

- Accept
- Negotiate
- Reject

If the estimate is rejected and further negotiations are not possible, the matter will be addressed through the RD Governance Model (see PAM 1.9.8).

If there are no outstanding issues, the financial codes can be provided and the Appendix B can be signed by the Procurement Director and/or Project PM (or equivalent).

An electronic copy of the signed RD Appendix B is to be sent to [+Strategic Procurement-Stratégie Achats@ADM\(Mat\) DGMSSC@Ottawa-Hull](mailto:+Strategic+Procurement-Stratégie+Achats@ADM(Mat)+DGMSSC@Ottawa-Hull) for inclusion in the Master List of RD Estimates that is attached as an Appendix to the Master DND/PSPC RD MOU for ADM approval. The submission will include:

- i) Signed Individual [RD Appendix B](#) - cost estimate, and
- ii) Master DND/PSPC RD MOU

The Master RD MOU is signed by PSPC ADM AB following ADM Mat approval.

### **1.9.6 DND / PSPC Acquisitions Branch - Invoicing Process Overview**

When setting up funds in the system, the following financial codes must be used:

- Vendor Code 1275: PSPC Revenue Dependency

PSPC Finance will produce an RD invoice for each project throughout several periods in the fiscal year. The RD invoices (Q1/ 2/ 3/etc.) must include:

1. Actual expenditure details
2. A separate list with the PSPC employee name(s) for each project/contract
3. Copies of invoices for 'large ticket items', such as legal fees, fairness monitors and professional services
4. Travel Expense Report including name(s) of traveler(s), dates, destination, purpose and total cost/trip

The invoice will be paid via interdepartmental settlement (IS). PSPC is responsible to initiate the IS.

In the fourth quarter (Q4) for the year-end invoice, PSPC will reconcile and or correct any discrepancies not already resolved from previous quarters.

The DND PA is responsible to:

- Review the final invoice for accuracy;
- Note any discrepancies in information;

- Advise their PSPC contact as soon as possible and request amended invoice (if required) to avoid a PAYE (Payment After Year End);
- Obtain approval by the Project Authority once the Q4 invoice amount has been agreed and final payment can be made;
- Ensure that the money has been input in the system to allow for PSPC to initiate the IS.

### **1.9.7 Revenue Dependency Quarterly Invoice Processing and Approval Procedure**

Commencing in the first billing period, PSPC will send DND the Q1 invoice.

DND Project Managers/DND Procurement Authorities will have ten (10) business days from date of receipt to validate and approve the original invoice for payment or report discrepancies.

If no DND response is provided after 10 days, PSPC will initiate the Interdepartmental Settlement (IS) and transfer the funds out of the DND account using the financial coding provided in the individual MOU (Appendix B Cost Estimate).

Should major discrepancies be reported by DND within the 10 day review period a revised invoice will be issued by PSPC and approved by DND within the same 10 days, prior to the execution of the Interdepartmental Settlement.

However, should minor discrepancies be reported by DND within the 10-day period, the Interdepartmental Settlement will be executed based on the original invoice, and the requested adjustments will be done in the following billing period.

PSPC will send an e-mail once the invoice is processed with a copy of PSPC FIS report confirming payment for your file.

Discrepancy Resolution Process:

- An attempt to resolve discrepancies should initially be done at the PM level involving the DND Procurement Directors (PDs).
- If the issue(s) remain unresolved, the PM and the PD should forward them to their DG for resolution (info DMPP OPI).
- Beyond this, the discrepancy will be addressed at the DND/PSPC Procurement Management Steering Committee (DG Level).

### **1.9.8 DND PSPC Revenue Dependency Governance Model**

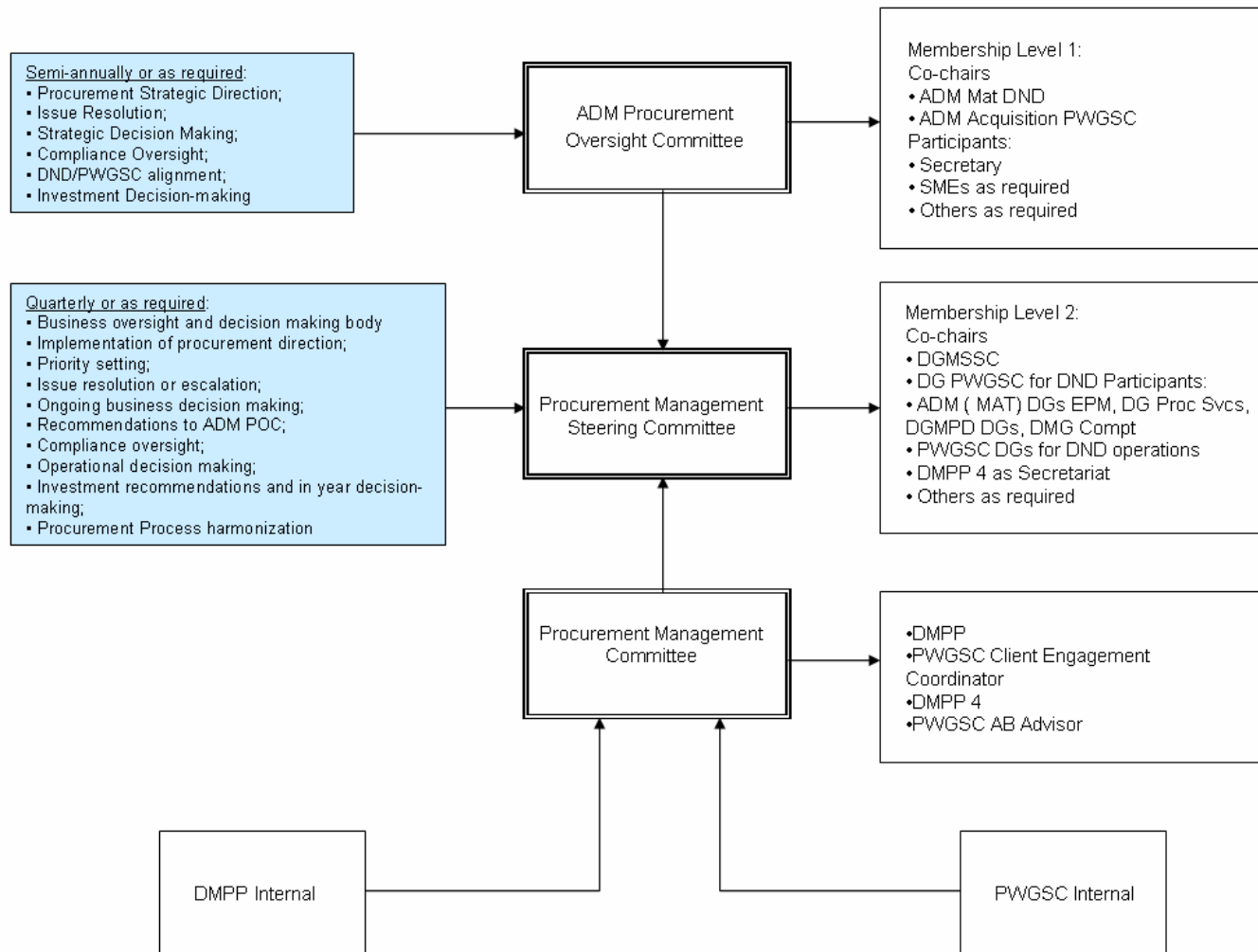
The Revenue Dependency Governance structure was created to provide a framework for RD management and oversight. The governance model facilitates open communication between the Operational Procurement Community and Senior Management for policy application and to discuss and resolve RD issues.

The first level for issue resolution is the Procurement Management Committee whose role is to clarify policy application and interpretation.

The Procurement Management Steering Committee is a Level two (Director General) authority. The Steering Committee becomes involved when an issue cannot be resolved at the Procurement Management Committee level.

The primary role of the ADM Procurement Oversight Committee is to provide strategic level guidance and decision making

**Figure 1.9.8-1 DND PSPC Revenue Dependency Governance Model**



## 1.9.9 References

### Treasury Board

- [Common Services Policy](#)
- [Policy on Special Revenue Spending Authorities](#)

### Public Services and Procurement

- [Public Services and Procurement Canada](#)



## **1.10 Socio-Economic Considerations in Procurement**

### **1.10.1 Green Procurement of goods, services, real property and infrastructure**

The goal of this section is to aid those persons who possess Section 32 and Section 34 authority under the FAA or are in a position to design, plan and manage MA&S and real property in understanding the policy on Green procurement. This chapter is meant to provide general information on the implementation of the policy and its associated directives [DAOD 3015-0](#) and [DAOD 3015-1](#).

#### **1.10.1.1 Definition**

##### **Green Procurement (GP):**

Green procurement involves the mandatory integration of environmental performance considerations, including resources and energy efficiency, in procurement and support processes throughout all stages of its life cycle: requirement identification and planning, acquisition, operation, maintenance and disposal of goods, and real property assets.

##### **Environment (Env):**

Under the Canadian Environmental Assessment Act, environment means the components of the Earth, and includes:

- (a) Land, water and air, including all layers of the atmosphere;
- (b) All organic and inorganic matter and living organisms; and
- (c) The interacting natural systems that include components referred to in paragraphs (a) and (b).

#### **1.10.1.2 Policy on Green Procurement (PGP): Context, Objectives, Goals, Expected Results and Key Elements**

##### **Context:**

The PGP came into effect April 1, 2006 and is set to stimulate innovations in new technologies and contribute to market expansions in the context of value for money. By deliberately selecting and purchasing goods, services and real property that protects the environment, the PA will be fostering the development of new jobs and businesses in the field of green technologies.

##### **Objectives:**

- Support sustainable development by integrating environmental performance considerations in the entire MA&S process; and
- Comply and conform with federal, provincial and municipal environmental regulations where applicable.

##### **Goals:**

- Low-carbon government by reducing the national GHG emission level;

- modern and resilient infrastructure; clean grown and clean energy;
- improving waste management;
- develop a more sustainable environmentally friendly supply chain process.

**Expected results:**

- Reducing greenhouse gas emissions and air contaminants;
- Ensuring Resource Efficiency (timber, minerals and metals, water and energy);
- Reducing Solid waste and supporting Reuse and Recycling practices as methods of disposal
- Minimize and reduce emissions of ozone-depleting substances and their Halocarbon alternatives;
- Buying more non-toxic environmentally sustainable goods;
- Reducing hazardous waste;
- Increased usage of Renewable energy sources (Bioenergy, Wind power, Solar energy, Geothermal energy, Marine and Hydroelectric).

**Key elements:**

- Value for money: The procurement process considers cost, performance, availability, quality and environmental attributes, in making procurement decisions. The result should be to achieve the optimal balance of overall benefits, for a given expenditure.
- Life cycle Analysis: The analysis of the environmental impact of a product during the entirety of its life-cycle, from resource extraction to post-consumer waste
- Life Cycle Cost: The method is used to evaluate the environmental and economic costs of goods and services, based on each phase of their life cycle. Environmentally preferable goods and services can be less expensive than their conventional counterparts when life cycle costs are taken into consideration
- Environmental performance: Refers to features or characteristics of either the goods/services procured or the activities of suppliers in relation to the delivery of goods/services

**1.10.1.3 Tools**

- Green Procurement [Step by Step](#) with Government of Canada [BuyAndSell Web site](#);
- Public Services and Procurement Canada (PSPC) Green procurement [Standing Offer and Supply Arrangement Index](#);
- PSPC [Green Goods and Services tool](#);

**1.10.1.4 Green Procurement: Points of Contacts (PoC)**

- Department of National Defence (DND)/Canadian Armed Forces (CAF) positional e-mail: [Greenprocurement.Achatsecologiques@forces.gc.ca](mailto:Greenprocurement.Achatsecologiques@forces.gc.ca)

**1.10.1.5 References**

- [Green Procurement web page](#)
- [Policy on Green Procurement](#)
- [Greening government operations](#)

- [GCPEDIA Green Procurement](#)
- [Defence Administrative Orders and Directives \(DAOD\) 3015-0](#) and [DAOD 3015-1](#)
- [Green lexicon + Evaluation Criteria + SOW](#)

## 1.10.2 Accessible Procurement

### 1.10.2.1 Definition

**Accessible Procurement:** Involves considering accessibility at the beginning of a procurement, when developing the requirement, and accessibility best practices or standards to determine what is required for a good(s) or service(s) to be inclusive by design and accessible by default.

**Accessibility:** The interaction between a person and their environment. The conscious planning, design and/or effort to ensure a good(s) and service(s) are barrier-free and easily used by persons with a disability, and by extension, highly usable and practical for the broadest range of users overall.

**Disability:** Any impairment, including a *physical, mental, intellectual, cognitive, learning, communication or sensory impairment - or a functional limitation - whether permanent, temporary or episodic in nature*, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society.

**Barrier (in this context):** means anything - including anything physical, architectural, technological or attitudinal, anything that is based on information or communications or anything that is the result of a policy or a practice - that hinders the full and equal participation in society of persons with a physical, mental, intellectual, learning, communication or sensory impairment, or a functional limitation.

### 1.10.2.2 Context

The Accessible Canada Act requires organizations under federal jurisdiction to identify, remove and prevent barriers to accessibility, including in procurement. Consequently, the TB Contracting Policy was amended in April 2019 to ensure that accessibility is incorporated into the procurement process.

### 1.10.2.3 Objective

The objective of the Accessible Canada Act is to help create a barrier-free Canada through the proactive identification, removal and prevention of barriers to accessibility wherever Canadians interact with areas under federal jurisdiction.

### 1.10.2.4 Policy Requirements

All departments must consider accessibility provisions when developing procurement requirements and evidence of this consideration must be on file, including justification when accessible procurement may not be appropriate. This policy is mandatory for all requirements as of 11 October 2019.

An [Attestation of Consideration of Accessible Procurement form \(DOC, 31 KB\)](#) must be signed by the Technical Authority / Requirement Owner and kept in the procurement file.

#### 1.10.2.5 Tools

- [Questions to guide the development of accessibility](#)
- [Standard for the Preparation of a Statement of Work](#)

#### 1.10.2.6 Point of Contact

- PSPC Accessible Procurement Resource Centre (APRC): [TPSGC.PACRAAccessible-APAccessiblePRC.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.PACRAAccessible-APAccessiblePRC.PWGSC@tpsgc-pwgsc.gc.ca)

#### 1.10.2.7 References

- [Accessible Canada Act](#)
- [TB Contracting Policy](#)

### 1.10.3 Directive on Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area

#### 1.10.3.1 Application

The [Directive](#) applies to all contracts where deliverable(s), or a portion of the deliverable(s) include final delivery or performance in or into the Nunavut Settlement Area.

#### 1.10.3.2 Expected results

The expected results of this Directive and its implementing measures are as follows:

- Increased participation by Inuit firms in business opportunities in the Nunavut Settlement Area economy;
- Improved capacity of Inuit firms to compete for government contracts and real property leases in the Nunavut Settlement Area; and
- Employment of Inuit at a representative level in the Nunavut Settlement Area workforce.

#### 1.10.3.3 Policy Requirement

The Directive provides specific instructions on how to prepare and manage procurements that are subject to the Directive.

When a Technical Authority (TA) has a requirement which may be subject to the Directive, the TA must review and comply with the obligations related to procurement.

When a Procurement Authority / Contracting Authority receives a procurement request which may be subject to the Directive, they must review the Directive and comply with the obligations related to procurement.

#### 1.10.3.4 Enquiries

Enquiries on the interpretation or application of the Directive can be made at the following addresses:

General enquiries on the interpretation of the Directive, contact the Procurement Policy Division, TBS: [Nunavut@tbs-sct.gc.ca](mailto:Nunavut@tbs-sct.gc.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

General enquiries on procurement guidance, implementation, or how to apply the Directive, contact the Strategic Policy Sector, PSPC: [TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

General enquiries on Comprehensive Land Claims Agreements or list of planned procurements in the Nunavut Settlement Area, market research, and engagement with Inuit firms or the Nunavut Tunngavik Incorporated (NTI), contact the Business Development Division, ISC: [aadnc.nunavutprocurement-approvisionnementanunavut.aandc@canada.ca](mailto:aadnc.nunavutprocurement-approvisionnementanunavut.aandc@canada.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

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## 2.0 REQUIREMENT IDENTIFICATION

The TA is responsible to fully identify the requirement prior to initiating the procurement process. The SOW must be written in accordance with [D-01-002-009/SG-001](#) STANDARD FOR THE PREPARATION OF A STATEMENT OF WORK.

When the requirement includes services, the TA must identify all aspects that the supplier must receive in order to complete the work and draft a Statement of Work (SOW) and associated documents, to be forwarded to the PA for review.

The TA must ensure:

- the scope of work, the list of tasks and the list of deliverables are aligned
- for each deliverable there is a matching "task"
- the SOW conforms to or is in support of the statement of requirement
- all comments and recommended changes in the SOW are tracked and forward them to the PA for updating the SOW document
- all comments and recommended changes to the SOW are maintained on file until it is finalized

To ensure all the information and considerations required for the procurement process are addressed in the SOW the TA should consider the following information.

SOW Language	Checked
Verify grammar and spelling.	
Mandatory requirements are clearly identified as mandatory.	
Ensure that the SOW follows the correct structure (Simple or Complex).	
Information that is included in the general terms and conditions of the RFP such as authorities, basis of payment, etc. must not be duplicated in the SOW.	
Ensure that the SOW defines clear deliverables and/or clearly defined milestones.	
Ensure that the format and delivery date is complete in the CDRL/DID for deliverables as required.	
If deliverables are to be defined during the execution of the contract, ensure that the process for doing so is clearly articulated.	
Ensure that the SOW/CDRL/DID references are correct.	

SOW Contractibility	Checked
Tasks describe what the contractor will do, but <b>not</b> how the contractor is to complete the work.	
Tasks do not establish an employee/employer relationship as per <a href="#">PAM 1.8.3</a> Employee/Employer Relationship	
The contractor has not been tasked to review its own work.	
<b>No</b> contractor who will bid on the work has been involved in the preparation of the SOW.	
The requirement is not defined in a restrictive way to avoid or restrict competition.	
How the progress of the work will be assessed is clearly stated.	

<b>SOW Completeness</b>	<b>Checked</b>
Any requirements for the contractor to train DND Employees/CAF Members has been identified.	
The delivery of technical manuals for deliverables has been identified if required.	
The bulk purchase of material has been identified if possible.	
Contract duration is sufficient to complete the work required.	
Known risks have been identified, and if possible, a mitigation strategy has been proposed.	
Line and unit item pricing is requested for all goods delivered under the contract even if the unit item pricing is not part of the terms of payment such as milestone or progress payments, as per <a href="#">PAM 3.2.14</a>	



### 3.0 PLAN PROCUREMENT

**All employees who have contracting authority above \$25K must refer to MMI 1355 for instructions on how to exercise the increased delegation.**

Planning is required for all procurement over \$5K (goods) and over \$25K (services), regardless of the size, scope or complexity of the requirement. The procurement plan in PAM 3.1 is the recommended tool for documenting the procurement decision-making process and providing an audit trail.

In Capital, Operations and Maintenance (O&M) or National Procurement (NP) projects, procurement planning begins early, as market research identifies possible procurement options to be documented in the procurement plan. Additionally, early dialogue with industry (for example, by issuing a Solicitation of Interest (SOI), draft Request for Proposal (RFP) or posting information on a project web site) can facilitate access to the information critical for procurement planning.

For all other procurement types, planning starts when the requirement is identified, and the Technical Authority (TA) and the Procurement Authority (PA) start discussions on the best way to satisfy the requirement.

The phases of plan procurement, which are covered in detail in this chapter, are:

- a) Develop the Procurement Plan ([PAM 3.1](#));
- b) Validate the Requirement ([PAM 3.2](#));
- c) Develop Procurement Documents ([PAM 3.3](#));
- d) Create and Manage the Procurement File ([PAM 3.4](#));
- e) Review the Evaluation Plan ([PAM 3.5](#)); and
- f) Develop and Release the RFP/RFQ/ITT ([PAM 3.6](#)).

#### 3.1 Develop the Procurement Plan

The procurement plan is required for procurement over \$5K (goods) and over \$25K (services). The procurement plan details are based on the information available at the time of the requirement. The procurement plan is a living document, which the PA amends as new information becomes available, until contract closeout. See [Annex 3.1.A](#) for the Procurement Plan format and instructions.

The procurement plan should contain, as a minimum, information under the following headings:

- a) **Procurement Strategy** : The procurement strategy identifies:
  - the requirement that is to be procured;

- the procurement solution (commercial-off-the-shelf (COTS) or developmental);
- the extent of competition or limited tendering;
- the impacts of and exemptions from trade agreements;
- the method of procurement to be used;
- any special or unusual circumstances that may affect the procurement.

Refer to [PAM 3.1.1](#).

b) **Pricing Strategy/Basis of Payment Development** : The pricing strategy:

- defines a basis of payment (firm price or other) to pay the contractor for the goods and services provided;
- identifies the duration of the payment schedule.

Refer to [PAM 3.1.2](#).

c) **Method of Payment** : The method of payment defines how payment is made i.e. progress claim or invoice.

Refer to [PAM 3.1.3](#).

d) **Procurement Milestones**: Procurement milestones identify the key steps in the procurement process, from RFP development to contract closeout, with expected completion dates. These milestones are used to plan the necessary work activities, as well as to track and monitor progress.

Refer to [PAM 3.1.4](#).

e) **Procurement Risk**: Procurement risk identifies factors that may impact the schedule or cost of the procurement, such as the selected procurement strategy, procurement method or pricing strategy.

Refer to [PAM 3.1.5](#).

A [sample procurement plan](#) is available.

### 3.1.1 Procurement Strategy

The procurement strategy is documented in the:

- Procurement Plan, [Annex 3.1.A](#), Section A

A procurement strategy is **always** required, regardless of the total dollar value of the procurement.

The procurement strategy identifies:

- The requirement that is to be procured
- The procurement solution (COTS or developmental)

- The extent of competition or limited tendering
- The impacts of and exemptions from trade agreements
- The method of procurement to be used
- Any special or unusual circumstances that may affect the procurement

The procurement strategy must be formally reviewed for potential regional socio-economic benefits for requirements valued over \$20M.

### **3.1.1.1 Developing a Procurement Strategy**

The Procurement Authority (PA), in consultation with the Technical Authority (TA) and the Contracting Authority (CA), will develop the procurement strategy using the following points:

#### **3.1.1.1.1 Procurement Requirement**

The TA is responsible for defining the requirement and the PA for reviewing it. The requirement description includes:

- Quantity to be supplied;
- Description of the product, system, equipment, services or commodity (such as software licenses, VHF communications system);
- Description of the salient physical, functional or other essential characteristics, including performance criteria, as well as any requirement to integrate with existing systems or equipment. Refer to any applicable part numbers, model numbers and brand name, and add the words "or equivalent". Include information on any optional items and quantities;
- Standard/Specification/Regulation Number (if applicable);
- An estimated cost of expected contracts;
- Time constraints for the completion of the work;
- Conditions on the performance of the work;
- Scheduling of acceptance inspections and applicable Department of National Defence (DND) responsibilities.

#### **Bulk Purchases of material:**

The PA should consider and suggest the "bulk purchases of material" to help ensure and optimize value for money. The bulk purchases of material could result in the reduction of costs.

#### **Multi-year contracts:**

The PA and the TA must consider the possibility of establishing a multi-year contract when it is an economic advantage to the department.

A multi-year contract consists of the following:

- A firm period:
  - This period is usually for 12 months or more;
  - The period is firm;

- The budget is funded for all this period;
- Option years:
  - Each option year is for a period of 12 months;
  - The contract may include several option years;
  - The budget for each option year is unfunded;
  - An estimated budget must be identified for each option year;

Therefore, the total value of the requisition to the Contracting Authority (CA) is composed of the:

- Funded budget for the firm period;
- Unfunded estimated budget for all the option years.

The process is described further in [PAM 3.3.11](#).

When the procurement strategy is being prepared early for inclusion in the project approval documents, the level of detail varies according to the known details of the requirement; it can be as generic as stating the overall requirements of the project, project status and a rough order of magnitude (ROM) estimate for cost obtained from the PM/TA. The PA updates this description as more concrete information becomes available.

#### **3.1.1.1.2 Procurement Solution**

The TA is responsible for identifying the procurement solution as:

- Commercial-off-the-shelf (COTS), which includes Military-off-the-Shelf (MOTS) and requires no additional development; or
- Modified COTS/MOTS, which requires some additional development; or
- Unique Department of National Defence (DND) development.

The DND preferred procurement solution is COTS/MOTS. The PA must document any deviation from the COTS option and maintain this information on file (for example, explanations of the rationale for a unique DND development activity such as a first prototype ).

#### **3.1.1.1.3 Extent of Competition or Limited Tendering and Impacts of Trade/Government Agreements**

In consultation with the TA and the CA, the PA determines the extent of competition, any justification for limited tendering, as well as the impacts of, or exemptions from, trade and government agreements ([Annex 3.1.B](#)), according to the criteria described below.

##### **3.1.1.1.3.1 Treasury Board Policy on Competition**

As required by Section 5 of the Government Contracts Regulations , the Department of National Defence (DND) Contracting Authority (CA) is to solicit bids before any contract is entered into. The competitive approach in determining a contractor should therefore be the norm.

Refer to Annex 3.1.B for a summary of the trade and other agreements coverage applicable to the procurement of goods and services.

The rule to determine the applicability of the trade agreements when a requirement is composed of a mix of goods and/or services and/or construction is as follows:

- For a requirement that is a mix of interdependent goods and/or services and/or construction: the requirement is considered to be one for goods or services or construction based on the one component that represents more than 50 percent of the estimated value of the requirement
- For a requirement that is a “bucket” of non-related goods and/or services and/or construction: the requirements must be divided and treated separately.

Refer to the Public Services and Procurement Canada (PSPC) Supply Manual, 3.50 Procurements Subject to Trade Agreements.

### 3.1.1.1.3.2 Exceptions to Competition (Sole Source)

Because it is not always possible, practical, or cost effective to seek bids for every proposed contract, Section 6 of the Government Contracts Regulations permits certain exceptions. (Extracted from [TB Contracting Policy, article 10.1.1.](#))

The TA must submit to the PA a written justification to limit the tendering (sole source) on a particular procurement.

The PA will ensure the justification provided satisfies one of the exceptions listed in the [TB Contracting Policy, article 10.2](#) by reviewing it against the application of the exceptions listed in Table 3.1.1-1 below.

If the procurement **is lower than \$20M, therefore not subject** to a formal procurement review:

- The PA will prepare a letter addressed to the Director of the CA, for signature by the Director of the PA;
- In the letter, the PA will describe the justification for limiting the tendering using sufficient information from the procurement plan form to allow the CA to determine:
  - Whether the requirement meets one of the exceptions to competition or not (this is solely the responsibility of the CA);
  - If an [ACAN process](#) is required
- The PA will include the letter when sending it to the CA.

If the procurement **is greater than \$20M, therefore subject** to a formal procurement review a letter is not required.

**Table 3.1.1-1 Application of Exceptions to Competition**

Exception		Application
1.	The need is one of pressing emergency in which delay would be injurious to the public	Applies where emergencies are normally unavoidable and require immediate action, which would preclude the solicitation of formal bids. An emergency may be an actual or imminent life-threatening situation, a disaster which endangers the quality of

Exception		Application
	interest.	life or has resulted in the loss of life, or one that may result in significant loss or damage to Crown property. ( <a href="#">TB Contracting Policy, article 10.2.2.</a> )
2.	The estimated expenditure does not exceed \$25,000.	<p>Applies when specific dollar limits below which a contracting authority may set aside the competitive process. However, contracting authorities are expected to call for bids whenever it is cost effective to do so. (<a href="#">TB Contracting Policy, article 10.2.3.</a>)</p> <p><b>Note:</b> The fact that the estimated expenditure does not exceed \$25,000 is not sufficient in itself to justify limiting the tender (sole sourcing).</p>
3.	The nature of the work is such that it would not be in the public interest to solicit bids.	Should normally be reserved for dealing with security considerations or to alleviate some significant socio-economic disparity. For example, the preservation of a certain source of supply may be necessary to ensure that future needs of government can be met. This exception should be invoked only with the approval of senior management as delegated by the contracting authority (the minister). ( <a href="#">TB Contracting Policy, article 10.2.4.</a> )
4.	Only one person or firm is capable of performing the contract.	<p>Should be invoked only where patent or copyright requirements, or technical compatibility factors and technological expertise suggest that only one contractor exists. This exception should not be invoked simply because a proposed contractor is the only one known to management. (<a href="#">TB Contracting Policy, article 10.2.5.</a>) The TA should identify when proprietary rights, technical data or being an approved facility will limit the tendering.</p> <p>The PA must:-</p> <ul style="list-style-type: none"> <li>• Refer to <a href="#">TBS PN 2007-4</a>;</li> <li>• Complete PN 2007-4 annex A, with the help of the TA for all requirements over \$25K.</li> </ul> <p><b>Note:</b> patent information can be validated by conducting a search of the Canadian Intellectual Property Office records. DMPP 8 can assist with the search.</p>

If the request for limiting tenders does not satisfy one of the exceptions, the PA must inform the TA and explain the reasons for following a competitive process.

If the request does satisfy one of the exceptions, the PA must:

1. Fully document the justification on the applicable procurement strategy form described in [PAM 3.1.8](#);
2. File a copy of the completed procurement strategy form and all relevant documentation supporting the decision such as :
  - correspondence from both the TA and CA
  - patent numbers or patent applications if applicable

in the procurement file.

3. Include a statement indicating if the proposed procurement is subject to one of the trade/government agreements or if it meets the criteria for one of the exemptions listed in the [TB Contracting Policy, article 10.2.8](#).

### **3.1.1.1.3.3 Invoking the National Security Exception (NSE)**

Canada is a party to several international and domestic trade agreements and relies on the market to determine the outcome of its procurements. Procurements need to be consistent with the protection of Canada's security interests. Therefore, DND needs to ensure the strict and consistent invocation of the NSE in these trade agreements.

The National Security Exception (NSE) is an element in the following trade agreements:

- [North American Free Trade Agreement](#) - Article 2102
- World Trade Organization - [Agreement on Government Procurement](#) - Article XXIII.I
- Canada-European Union Comprehensive Economic and Trade Agreement (CETA) - Article 28.6
- [Canadian Free Trade Agreement](#) - Article 801

The NSE clauses in trade agreements are intended to ensure that a government is able to protect any information or take any action to safeguard its security interests when dealing with procurements. In response to requests from departments for general advice with regard to invoking NSE, TB has published [Guidelines for Invoking National Security Exception](#).

### **Basis for NSE Invocation**

The NSE procedure shall be applied only if a specific risk to national security interest is identified. The following are examples of security interests:

- The sensitive nature of the procurement is such that it has to be restricted to specific suppliers;
- There is a need to ensure a source of supply in Canada for particular goods or services necessary for DND and CAF operational readiness;
- The procurement has a national security dimension and its acquisition cannot be delayed by the mandatory bidding period of the applicable trade agreements.

### **NSE Not to be Invoked**

The following are examples of cases in which the NSE shall not be invoked:

- To address time pressures, except when it is related to a national security need;
- To provide justification for limited tendering (a sole source procurement) where there is no national security need.

### **Approval Letter and Review Authority**

Invoking NSE will require a letter signed by ADM (Mat) to PSPC ADM Acquisition Branch for approval as described in the PSPC Supply Manual, [3.105.10 Procedures for Invoking a National Security Exception](#).

The Directorate of Industry Relations, Analysis and Policy (DIRAP), a directorate of Director General International and Industry Programs (DGIIP), provides advice on the invocation of NSE to project offices and is the review authority for all such applications before they can be submitted to ADM(Mat) for transmission to PSPC. [DAOD 3016-0](#) and [DAOD 3016-1](#) apply.

NSE is to be invoked on single procurements on a case-by-case basis. It may be possible to invoke NSE for a bundle of solicitations being initiated at the same time, relating to a common purpose that forms the valid basis for invocation. Consult DIRAP for further advice and instructions regarding bundled requirements.

To be considered:

- Invoking NSE **does not**:
  - Automatically mean that a non-competitive procurement strategy is necessary – it remains the government policy to compete requirements subject to the exception to competitive contracting provided in the Government Contracting Regulations;
  - Preclude openness and fairness through a public tendering process;
  - Preclude work being performed by international firms;
  - Restrict competition to Canadian suppliers unless there is a legitimate need to maintain or establish a Canadian source of supply;
  - Preclude the requirement to exercise sound contracting practices and to obtain value for money.
- Invoking NSE **does**:
  - Allow for a classified solicitation process with a number of security cleared suppliers or entering into a non-competitive arrangement;
  - Require the department to protect sensitive information and assets under the department's control according to security policy. This specifically includes appropriate security classification of all documentation and staff associated with all phases of the contracting process.

Refer to [DAOD 3016-0](#) and [DAOD 3016-1](#), National Security Exception under Trade Agreements Instruction for more information on the subject.

#### **3.1.1.1.3.4 Comprehensive Land Claim Agreement (CLCA)**

A contract for the procurement of goods, services or construction for final delivery or furtherance to, or performance in locations as specified in the CLCAs is subject to the contracting obligations that are found in the applicable agreement.

CLCAs apply regardless of the value of the requirement.

CLCAs take precedence over the Procurement strategy for aboriginal business (PSAB) - Set-aside program for aboriginal business (SPAB) policy (PAM 3.1.1.1.3.5).



CLCAs have the force of law.

The PA is responsible to determine if the requirement is for final delivery or furtherance to, or performance in locations as specified in the CLCAs;

- If it is, the PA must:
  - determine which CLCAs apply to the requirement;
  - read the applicable CLCA(s) and follow the process that is outlined in them;
  - ensures that all the contracting obligations that are found in the applicable CLCA(s) are respected through the contracting process.

In order to determine if a CLCA applies, the PA is encouraged to use the “Indian and Northern Affairs Canada (INAC) Decision Model for the Application of CLCA Contracting”:

***INAC Decision Model for the Application of CLCA Contracting:***

This decision model applies equally to the initial establishment of contracts and anticipatory mechanisms such as Standing Offers and Supply Arrangements, in addition to Call-ups (contracts) placed there under.

**1. Will the requirement result in the establishment of a Crown Procurement Contract?**

If “No”, then the CLCA contracting obligations does **not apply** to the requirement.

If “Yes” proceed to Decision #2.

If the requirement is best classified as a lease or fit-up covered under the Federal Real Property and Federal Immovable Act, or for questions relating to the application of CLCA Contracting Obligations to a particular contract arrangement, contact INAC Implementation Branch (at [CLCA.net@ainc-inac.gc.ca](mailto:CLCA.net@ainc-inac.gc.ca)).

**2. What is the Specified Final Location of Delivery?**

**Either in whole or in part, is the government’s specified final “location of delivery” within the contract for its goods, services or construction requirement, within the geographic boundaries of one or more CLCAs?**

To support making this decision, it is recommended to consult the [Department of Natural Resources Canada’s Canada Lands Survey System](#). In addition, postal code look-up and consultation with INAC Implementation Branch (at [CLCA.net@ainc-inac.gc.ca](mailto:CLCA.net@ainc-inac.gc.ca)) is suggested.

If “No”, then the CLCA contracting obligations does **not apply** to the requirement. All other Government of Canada Contracting Regulations may apply.

*If “Yes”, determine what percentage of the entire delivery of goods, services and/or construction is within the geographic boundaries of one or more CLCAs.*

Percentage of delivery should be based on the anticipated dollar value of the portion of the requirement that will be delivered to a location within the CLCA(s), relative to the total anticipated dollar value of the requirement, **excluding taxes**.

For procurements which seek to establish agreements under which subsequent contracts (Call-ups) will be created (i.e. Standing Offer Agreements, Supply Arrangements, other source lists), the estimated percentage of the requirement that will be delivered to a location within a CLCA under subsequent contracts should be identified as is reasonable.

Once the location of delivery is established, Project Authorities and Contracting Authorities should review the text of specific CLCA(s) covering the location(s) of delivery

**INAC Decision Model for the Application of CLCA Contracting:**

in making the remaining decisions.

**3. Are competitive bids being solicited prior to the establishment of the CLCA Contract Provisions?**

*If "No", (e.g. a non-competitive/sole source contract), then a specific set of CLCA contracting obligations will apply to the requirement.*

Where a non-competitive/sole source contract is to be established, the CLCA contracting obligations with respect to the solicitation of bids do not apply.

Departments/agencies are required to ensure compliance with CLCA contracting obligations relating to:

- Consideration of Land Claims Beneficiary Businesses in the procurement process;
- Obtaining Permission to Access Land from Designated Aboriginal/Inuit Organizations (if required given the contract work); and
- Reporting of Contracts following Award

*If "Yes", (e.g. a Request for Proposal is being issued) then a different set of CLCA contracting obligations will apply to the requirement.*

Where the procurement will be undertaken via a competitive solicitation, Departments/agencies are required to ensure compliance with the following five categories, all CLCA contracting obligations relating to:

- (1) Consideration of Land Claims Beneficiary Businesses in the procurement process;
- (2) Consideration to include Evaluation and Selection Criteria that provide for Benefits to Land Claims Beneficiaries in the development of solicitation documents (and subsequently assess supplier proposals in accordance with any such criteria included within the solicitation);
- (3) Notification of Contracting Opportunity during the solicitation stage;
- (4) Obtaining Permission to Access Land from Designated Aboriginal/Inuit Organizations (if required given the contract work); and
- (5) Reporting of Contracts following Award.

Depending upon the Method of Solicitation for competitive procurements, how the CLCA contracting obligations which apply can be implemented varies.

**4. Do CLCA provisions apply to the specific commodity/service being acquired?**

Some CLCAs include specific CLCA contracting provisions where contracts are to be established for specific Commodities/Services identified within the CLCA.

For example, these may include:

- contracts relating to Surveying of territory within or adjacent to the CLCA area(s);
- contracts for the supply of requirements related to natural resources or land development/use, archaeological studies, etc;
- contracts for services / goods / construction provided within specific locations within the CLCA (e.g. parks, etc.);
- and other specific contexts as identified in the CLCA.

These specific commodities/services may be classified within one (1) of the five (5) categories of CLCA contracting obligations, and will generally apply to a procurement/contract as identified under Decision #3 above.

*If "No", CLCA contracting provisions do no apply.*

**INAC Decision Model for the Application of CLCA Contracting:***If "Yes", continue to Decision #5***5. What is the Method of Supply?**

Depending upon the structure of the resulting contract, as either a one-stage procurement resulting in the award of a contract **or** a two-stage procurement resulting first in the award of an overarching agreement such as a Standing Offer or Supply Arrangement or qualification of suppliers to a source list, followed by subsequent establishment (whether competitive or non-competitive) of subsequent contracts, the CLCA contracting obligations which apply will vary in how they can be implemented by the department/agency and at what stage of the procurement.

In order to determine if a CLCA applies, the PA is also encouraged to use to "INAC CLCA Procurement Checklist for Contracting Authorities":

**INAC CLCA Procurement Checklist For Contracting Authorities**

The following Checklist is designed to be used to facilitate the identification of CLCA contracting which may apply to your procurement requirements.

When a procurement contract is determined to be subject to the contracting obligations of one (1) or more CLCAs, it is recommended to cross-reference the tasks and activities within the Checklist with the provisions of the applicable CLCAs.

<b>Tasks and Activities</b>	<b>Completed</b>
<ol style="list-style-type: none"> <li>1. Confirm whether the planned requirement will result in the establishment of a Procurement Contract.</li> <li>2. Identify the Location(s) of Delivery for the resulting procurement Contract. Identify whether any of the Location(s) of Delivery are within the geographic boundaries of one (1) or more CLCA areas.</li> <li>3. Consult the text of the applicable CLCAs to determine the compliance requirements for: <ul style="list-style-type: none"> <li>• Procurement Planning / Sourcing Strategy Development;</li> <li>• Consideration of Land Claim Beneficiary Businesses;</li> <li>• Consideration for Inclusion of Criteria;</li> <li>• Notification of Opportunity;</li> <li>• Access Requirements; and</li> <li>• Reporting Requirements.</li> </ul> </li> <li>4. Determine an appropriate method of solicitation, and an appropriate method of supply in consultation with the Technical/Project Authority.</li> <li>5. For Procurement Contracts valued at greater than \$76,500 and where the commodity is included in the commodities covered by one (1) or more international trade agreements, ensure that a risk assessment process is completed in relation to any CLCA and international trade agreement.</li> <li>6. Review the Operational Requirements, including any Criteria to be included within competitive procurement processes to confirm their transparency and fairness, prior to release of the solicitation document.</li> </ol>	

<b>Tasks and Activities</b>	<b>Completed</b>
<p>7. Confirm with the Technical/Project Authority whether the requirement must or should also be set-aside under the PSAB.</p> <p>8. Seek/Consult with Department of National Defence/Canadian Forces Legal Advisor (<a href="#">DND/CF LA</a>).</p> <p>9. For competitive requirements, ensure that solicitation documents clearly identify to potential suppliers that socio-economic factors will be used in the selection and evaluation process.</p> <p>10. For competitive requirements, include appropriate clauses identifying which CLCA(s) apply to the requirement within the solicitation document.</p> <p>11. If applicable to the requirement, notify and/or request permission to access CLCA Beneficiary Lands.</p> <p>12. As applicable for competitive requirements, post the procurement requirement on the Government Electronic Tendering Service (GETS). When the requirement is posted, fax a copy of the Notice of Proposed Procurement to the Organization(s) identified within the CLCA.</p> <p>13. Complete any additional notification procedures, as required by the specific CLCA(s) which apply to the requirement (e.g. community advertising).</p> <p>14. For competitive procurements, following posting / distribution of the solicitation, supplement notification procedures through additional means of public advertisement or notice, such as Bidders' Conferences or Town Halls. This should be undertaken in collaboration with the Technical/Project Authority.</p> <p>15. If required by internal departmental/agency divisions of responsibilities provide oversight and/or conduct verification of departmental/agency evaluation processes, to confirm that suppliers were evaluated in accordance with the process and criteria as established within the solicitation documents, including any CLCA Criteria.</p>	

## Quebec

[James Bay and Northern Quebec Agreement](#) (JBNQA) (1975), amended to include the [Northeastern Quebec Agreement](#) (1978): from the shores of James Bay and Hudson Bay to Labrador, covering approximately 50 percent of Quebec's land mass, mainly the northern portion of the province. The JBNQA has three aboriginal signatories, representing the Cree, Inuit and Naskapi of Quebec.

The [Nations map](#) shows which communities are inhabited by:

- Cree
- Inuit
- Naskapi

For communities in this region but not detailed on this map, contact:

Acquisition Policy and Process Directorate  
819-956-1025 or 819-956-5024

[ncracqbclcapsab.rcnapprertgsaea@tpsgc-pwgsc.gc.ca](mailto:ncracqbclcapsab.rcnapprertgsaea@tpsgc-pwgsc.gc.ca)

For more information on the applicable CLCAs contracting obligations.  
Inuit Provisions:

1. [James Bay and Northern Quebec Agreement](#) (JBNQA), section 29.0 (Inuit Economic and Social Development);
2. [Agreement Respecting the Implementation of the JBNQA](#) (PDF Version 337KB), (Help on File Formats) Annex A, Part II (Inuit Employment and Contract Priority).

Cree Provisions: [JBNQA](#), section 28.10 (Cree Participation in Employment and Contracts).

Naskapi Provisions: [Northeastern Quebec Agreement](#), Section 18 and paragraph 20.20.

## **Yukon, Northwest Territories, and Nunavut**

(2010-01-11)

### 1. The [Inuvialuit Final Agreement](#) (1984):

- The islands and part of mainland along the Beaufort Sea:
  - northwest portion of the Northwest Territories,
  - western portion of Victoria Island,
  - all of Banks Island, Prince Patrick Island in the northern portion, and
  - the western portion of Melville Island
- Includes (but is not limited to):
  - Holman,
  - Inuvik,
  - Mould Bay and Tuktoyaktuk.

### 2. [Gwich'in Comprehensive Land Claim Agreement](#) (1992):

- Parts of northeastern Yukon and
- Northwest portion of the Northwest Territories.
- Includes (but is not limited to):
  - Aklavik,
  - Fort McPherson,
  - Inuvik and Tsiigetchic.

- Gwich'in settlement [region Map \(English only\)](#)

Notification of procurement opportunities for both the Gwich'in CLCA and the Yukon Transboundary Agreement must be sent to the [Gwich'in Tribal Council](#).

### 3. [Nunavut Land Claims Agreement](#) (1993):

- Northern Canada – includes:

- Districts of Franklin (central Nunavut),
- Keewatin (south-central Nunavut, northwest coast of Hudson's Bay area),
- Baffin Island (southeast portion of Nunavut) and
- Ellesmere Island (northern portion of Nunavut).
- Includes (but is not limited to):
  - Arctic Bay,
  - Arviat,
  - Baker Lake,
  - Bathurst Inlet,
  - Cambridge Bay,
  - Cape Dorest,
  - Chesterfield Inlet,
  - Clyde River,
  - Eureka,
  - Gjoa Haven,
  - Grise Fiord,
  - Hall Beach,
  - Igloolik,
  - Iqaluit,
  - Kimmirut,
  - Kugluktuk,
  - Nanisivik,
  - Pangnirtung,
  - Pelly Bay,
  - Pond Inlet,
  - Povungnituk,
  - Qikiqtarjuaq,
  - Rankin Inlet,
  - Repulse Bay,
  - Resolute,
  - Sanikiluaq,
  - Taloyoak,
  - Umingmaktok and
  - Whale Cove.

(a). [Directive on Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area](#)

4. [Umbrella Final Agreement - Council for Yukon Indians](#) (1993):

- The western portion of the Yukon Territory. The territory extends from the northern border of British Columbia to the southern border of the Inuvialuit land claims area, and includes eleven separate Comprehensive Land Claims Settlement Areas (CLCSAs).
  - [First Nation of Nacho Nyak Dun Final Agreement](#) (1995):
    - Mayo and
    - Stewart Crossing.
  - [Champagne and Aishihik First Nations Final Agreement](#) (1995):

- Haines Junction,
- Canyon Creek and
- Champagne.
- [Teslin Tlingit Council Final Agreement](#) (1995):
  - Teslin.
- [Vuntut Gwich'in First Nation Final Agreement](#) (1995):
  - Old Crow.
- [Selkirk First Nation Final Agreement](#) (1997):
  - Pelly crossing.
- [Little Salmon/Carmacks First Nation Final Agreement](#) (1997):
  - Carmacks.
- [Tr'ondëk Hwëch'in Final Agreement](#) (1998):
  - Dawson City.
- [Ta'an Kwach'an Council Final Agreement](#) (2002) –
  - see Chapter 22 of the CLCA: Lake Laberge.
- [Kluane First Nation Final Agreement](#) (2004) –
  - see Chapter 22 of the CLCA: Burwash Landing.
- [Kwanlin Dun First Nation Final Agreement](#) (2005) –
  - see Chapter 22 of the CLCA: Whitehorse.
- [Carcross/Tagish First Nation Final Agreement](#) (2005) –
  - see Chapter 22 of the CLCA:
    - Carcross and
    - Tagish.

5. [Sahtu Dene and Metis Comprehensive Land Claim Agreement](#) (1997):

- Northwestern part of the District of Mackenzie, including:
  - Colville Lake,
  - Deline,
  - Norman Wells,
  - Fort Good Hope, and
  - Tulit'a.

6. [Tlicho Land Claims Agreement](#) (2005) –

- Appendix B of TB CPN 2006-4: Part of the Northwest Territories and part of Western Nunavut. Includes, but is not limited to:
  - Yellowknife,
  - Rae-Edzo,
  - Rae Lakes,
  - Wha Ti and
- Wekweti.

7. [Nunavik Inuit Land Claims Agreement](#) (2008) –

- see Chapter 13 of the CLCA: Part of the Nunavut Territory that is in the offshore area adjacent to, but not in, the James Bay and Northern Quebec settlement area.

## British Columbia

1. [Nisga'a Final Agreement](#) (2000) - does not include any contracting obligations: Part of the mid-western coast of British Columbia.
2. [Tsawwassen Final Agreement](#) (2009) - does not include any contracting obligations: Part of the south-western coast of British Columbia.

## Newfoundland and Labrador

Labrador Inuit Land Claims Agreement (2005) - Appendix A of TB CPN 2006-4: Part of Northeastern Quebec and part of Northern Labrador. Includes (but is not limited to) Hopedale, Makkovik, Nain, Postville and Rigolet.

## DND Co-operation Agreements

- [Section 9](#): Co-operation Agreement between the Inuvialuit Regional Corporation and the Department of National Defence concerning the Operation and Maintenance of the North Warning System.
- [Section 10](#): Co-operation Agreement between the Inuvialuit Regional Corporation and the Department of National Defence concerning the Restoration and Clean-up of DEW Sites within the Inuvialuit Settlement Region.

TBS ([TBS contracting Policy Notice 1997-8](#) and [TBS contracting Policy Notice 2006-4](#)), PSPC (PSPC Supply Manual - [Comprehensive land claim agreement paragraph 3.80, 9.35](#)) and Nunavut Tunngavik Incorporated Inuit [Firm Registry Database](#) (IFRD) provide more detailed information on the subject.

For more information on the PSAB, the PA is encouraged to consult the following references:

- TBS Contracting Policy, chapter 4, section 4.3: Contract with Aboriginals and Aboriginal businesses
- TBS Contracting Policy Notice 1996-2: Aboriginal Business Procurement Policy and Incentives
- PSPC Supply Manual, Chapter 9, Section 9.35: CLCAs

For more information on CLCAs, the PA is encouraged to contact the following OPIs:

- Federal Government Aboriginal OPI: Crown-Indigenous Relations and Northern Affairs Canada
- DND Aboriginal OPI: ADM(IE)s DIEPS at: [P-OTG.ADMIEProcServ@intern.mil.ca](mailto:P-OTG.ADMIEProcServ@intern.mil.ca)
- ADM(Mat) Aboriginal OPI: [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca)



### 3.1.1.1.3.5 Procurement Strategy for Aboriginal Business (PSAB) - Set-Aside Program for Aboriginal Business (SPAB)

The objective of the PSAB policy is to assist Aboriginal business development by increasing Aboriginal business participation in the awarding of contracts by federal departments and agencies.

This objective will be accomplished in part through a program of mandatory and voluntary set-asides of procurement opportunities.

Therefore, there are two (2) types of set-aside programs for aboriginal businesses:

- Mandatory set-aside: when the requirement is over \$5K and the aboriginal population is the primary recipient or end user of the actual goods or services to be procured;  
**Note:** All procurements over \$2M are subject to the procurement review process (refer to PAM 3.1.8).
- Voluntary set-aside: any requirements can voluntarily be set-aside under the PSAB program.

Requirements that are designated as set aside will be restricted to qualified aboriginal businesses.

The procurement set aside for aboriginal business is not subject to the provisions of the following trade agreements:

- North American Free Trade Agreement (NAFTA)
- World Trade Organization Agreement on Government Procurement (WTO-AGP)
- Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
- Canadian Free Trade Agreement (CFTA)
- Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

The PA is responsible to:

- Advise the CA that the procurement is to be set-aside (when the PA is not the CA);
- Follow the procedures that are outlined in the references listed below.

For more information on the PSAB, the PA is encouraged to consult the following references:

- TBS Contracting Policy Notice 1996-2: Aboriginal Business Procurement Policy and Incentives
- TBS Contracting Policy Notice 1997-6: Procurement Strategy for Aboriginal Business: Guidelines for buyers/Government Officials
- TBS: PSAB procedural [flowchart](#)

PSPC Supply Manual - [Procurement Strategy for Aboriginal Business chapter 9.40](#) provides more detailed information on the subject.

Indian and [Northern Affairs Canada Interpretation bulletin Procurement Strategy for Aboriginal Business](#) - Mandatory Set-Aside

- Crown-Indigenous Relations and Northern Affairs Canada: Policies and information on PSAB

For more information on the PSAB, the PA is encouraged to contact the following OPIs:

- Federal Government Aboriginal OPI: Crown-Indigenous Relations and Northern Affairs Canada
- DND Aboriginal OPI: ADM(IE)s DIEPS at: [P-OTG.ADMIEProcServ@intern.mil.ca](mailto:P-OTG.ADMIEProcServ@intern.mil.ca)
- ADM(Mat) Aboriginal / PSAB OPI: [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca)

### 3.1.1.1.3.6 Advance Contract Award Notice (ACAN)

An ACAN allows the CA to post a notice on the Government Electronic Tendering Service (GETS), for no less than 15 calendar days, indicating to the supplier community the intention to award a contract for goods, services or construction to a pre-identified contractor.

If, during this posting period:

- No other supplier submits a statement of capabilities (challenge) that meets the requirements set out in the ACAN, it means that the competitive requirements of the Government's Contracting Policy have been met. In this situation, the ACAN is considered a competitive process.
- A supplier submits a statement of capabilities that meets the requirement set out in the ACAN, then the CA must proceed to a full tendering process.

### References:

For specific guidance on when an ACAN can be used, refer to the PSPC Supply Manual, [3.15.5 Advance Contract Award Notice](#).

[PAM 3.6.4](#) describes the ACAN process in details.

[TBS: Guide for Managers-Best practices for Using Advance Contract Award Notices \(ACANS\)](#)

### 3.1.1.1.3.7 Summary Table - Procurement strategy: competitive vs limited tendering (sole source) vs ACAN vs no substitute

This is a summary Table of the following procurement strategy: competitive vs limited tendering (sole source) vs ACAN vs no substitute:

	Competitive	Limited Tendering	ACAN	No
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		(= Sole Source)		Substitute
Is the product generically described with the provision that a substitute product is acceptable?	Yes	-	-	-
Is the product described by brand name or by model number or by using a restrictive specification with the provision that a substitute product is not acceptable?	-	Yes	Yes	Yes
Is the supplier specifically mentioned?	No	Yes	Yes	No
Is the requirement posted on GETS?	Yes	No	Yes	Yes
What type of contracting process is it?	Competitive	Non-competitive	Non-competitive	Non-competitive
Does it constitute a “competitive process” for the purpose of the trade agreements?	Yes	No	No	No
Does it constitute a “competitive (electronic) contract” for the purpose of the contract approval authorities?	Yes	No	Yes, only if no valid statement of capabilities is submitted within the notice period	No
References:	PAM 1.2.3, PAM 3.1.1.1.3, PAM 3.6	PAM 3.1.1.1.3, PAM 3.3.11.3.6, PAM 3.6.3	PAM 3.1.1.1.3, PAM 3.6.4	PAM 3.3.11.3.6

### 3.1.1.1.4 Procurement Method

It is mandatory to use existing PSPC standing offers (SOs) or Supply Arrangements (SAs) to purchase commodities identified as mandatory on the PSPC Standing Offer Index [SOI site](#), in lieu of using any other method of procurement (refer to [PAM 3.3.1.3](#)).

If there is no existing PSPC Standing Offer or Supply Arrangement to satisfy the requirement, the PA selects the method of procurement that constitutes the most efficient solution for the requirement, using the list of options detailed below:

### **Standing Offer (SO):**

An SO may be issued when the requirement will be a repetitive order for the same range of goods, services, or both, and the actual demand (such as quantity, delivery date, delivery point) is not known in advance and some of the following conditions also apply:

- The goods, services, or both are well defined;
- Prearranged prices or a prearranged pricing basis can be established at the outset and there is no need nor any intention to negotiate them at the time of the call-up;
- The goods, services, or both are readily available and are to be ordered (called up) as-and-when the requirement arises; and
- At the time of the call-up, there is no need nor any intention to further negotiate the terms and conditions.

### **Notes :**

1. The SO method of supply cannot be used when:
  - a. Prices, pricing basis or terms and conditions are not stated or are subject to change at any time at the discretion of the supplier;
  - b. The authorized users of the standing offers intend to negotiate further the prearranged prices, pricing basis, or set terms and conditions of the SO; or
  - c. It is intended to solicit bids each time goods and/or services are required.  
(Extracted from the PSPC Supply Manual, [3.40 Standing Offers](#).)
2. The SO is not a contract and no commitment is made until a call-up is raised against the SO.
3. For details on requesting a SO through the PSPC, see [Annex 3.3.11.F](#). For details on how to raise a call up against a standing offer, refer to PAM 3.3.1.

### **Supply Arrangement (SA):**

An SA may be issued when:

- The goods or services are procured on a regular basis;
- A SO is not suitable, due to variables in resulting call-ups (such as varying methods or bases of payment, statement of work or commodity that cannot be adequately defined in advance);
- The commodity value or service value is best expressed as a ceiling price; and
- The ceiling price of the commodity or service is a type that can be negotiated to attain a reduction.

### **Notes:**

1. The SA is not a contract and no commitment is created until a contract is negotiated against the SA.
2. For details on requesting a SA through PSPC see [Annex 3.3.11.G](#).
3. For details on completing a 9200-11 Supply Arrangement Solicitation/contract form, see PAM [PAM 3.3.4](#).

**Foreign Military Sales (FMS) Case:**

An FMS case may be put in place when:

- The Arms Export Control Act (AECA) restricts the sale of certain items being sold through direct commercial sales — these items must be procured through FMS; or
- The requirement is available through FMS and it is advantageous to DND to procure through this method rather than through a commercial source. See [MMI 1324](#) Annex B for considerations.

**Note:** For details on requesting an FMS case through PSPC, see [Annex 3.3.11.I](#).

**Task Authorization Contract:**

A task authorization contract may be raised when:

- There is a need to have some or all of the work performed by the contractor on an “as-and-when-requested” basis;
- The main statement of work will broadly define the scope of work that will be performed under a task authorization; and
- The task authorization will be an administrative process only and will use the existing terms and conditions in the main contract.

The following are examples of requirements that may be satisfied using a task authorization contract:

- Technical Investigation and Engineering Support (TIES);
- Repair and Overhaul (tasks for Additional Work Required (AWR), Mobile Repair Party (MRP), Special Investigations and Technical Studies (SITS));
- Professional Services;
- Informatics Services.

**Note:** For details on requesting a task authorization contract from PSPC, see [Annex 3.3.11.H](#). For details on completing a task authorization DND 626, refer to PAM 3.3.2.

**Pre-Facilitated Contract (PFC):**

A PFC may be raised when the requirement:

- Is a bundle of goods, services or both, which are similar or support the same equipment and have a known history of usage; and
- Will be recurrent over several years and a commitment may be made to order a certain quantity, level of effort or both, each year of the contract with optional amounts that may be exercised through a contract amendment.

The following are examples of possible PFC requirements:

- A large grouping of goods/spares (for example, 250 packaging line items) in a contract;
- A mix of goods/spares and services (for example, systems engineering, configuration management, software support, repair and overhaul, and spares);
- Optimized Weapon System Management (OWSM) which creates Optimized Weapons System Support (OWSS) contracts.
- Purchasing a Weapon System and In Service Support in a Total Package Procurement.

**Note :** For details on requesting a PFC from PSPC, see [Annex 3.3.11.E](#). For details on completing a PFC Order Form, see [PAM 3.3.3](#).

### **Contract for Professional Services:**

When the expertise required will be ongoing for many years, a DND/CAF position must be established to meet this requirement and a contract for Professional Services must be considered only as an interim solution.

The costs associated with contracting for professional services within the Department are very high and often have a high potential for an Employer/Employee relationship.

A contract for Professional Services may be raised when:

- There is a need for a unique expertise that:
  - does not currently reside in DND and
  - it is not cost effective to train DND/CAF personnel in this expertise because the requirement is only for a short time.
- The following options are not acceptable:
  - Not doing the work
  - Delaying the work until such time as in-house resources are available
  - Engaging a casual or term employee

The decision to contract for high risk requirements must be documented and placed on the procurement file. High risk requirements are those which are those where:

- Payment is not firm fixed price based on deliverables
- Resource will be working on-site for a period exceeding 60 calendar days
- Resource will be working off-site for a period exceeding 120 calendar days.

#### **3.1.1.1.5 Special Requirements**

The TA and the PA are responsible for identifying the special requirements which impact the procurement strategy:

- a) For Research and Development (R&D) contracts, when the TA identifies that intellectual property will be created during the course of the contract, the PA will include a statement to indicate
  - Whether to invoke an exception set out in the Treasury Board's Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts; or
  - If the ownership of intellectual property will rest with the contractor (see [TB Intellectual Property Policy](#));
- b) The TA determines if the requirement is:
  - A total package procurement;
  - Has any unique timelines (such as a long-term contract, several option years for renewal); and
  - Has any issues that could affect the procurement.
- c) The TA identifies the impact of timelines or delivery schedules on the procurement strategy.
- d) If a Repair and Overhaul (R&O) contract is open to competition, the PA must, if applicable, identify what DND-owned equipment is required to support the contract (such as Government Furnished Equipment (GFE) and spares). It must also state the present location of this equipment and any cost (transportation costs, handling fees, embodiment fees) involved to move it from its present location to a contractor's plant.

### **3.1.2 Pricing Strategy/Basis of Payment**

The Pricing Strategy/Basis of Payment is documented in the Procurement Plan, [Annex 3.1.A](#), Section B.

Selection of the pricing strategy depends on the requirement.

Considerations:

- the commodity;
- duration of the contract;
- complexity of the requirement;
- how well the requirement is defined;
- ensure balance between the cash flow for first deliveries of developmental systems and the remaining production does not create undo risk to the Crown;
- pricing strategies may be combined, where appropriate, to help ensure and optimize value for money;
- provide incentive for contractor to control costs without creating undo risk to the Crown.

In consultation with the TA and CA, the PA determines the appropriate pricing strategy for the requirement. In the early stages of planning, this may not be known to the PA. However, as the requirement is further defined, the PA will update this section with the appropriate information.

There are seven acceptable pricing strategies, listed in descending order of preference. The explanation of the pricing strategies and their use is described in the links below.

- a. [Firm Price](#);
- b. [Economic Price Adjustments in Firm Price Contracts](#);
- c. [Cost Reimbursable with Fixed Time Rate](#);
- d. [Cost Reimbursable with Incentive Fee](#);
- e. [Cost Reimbursable with Fixed Fee](#);
- f. [Cost Reimbursable with Fee Based on Actual Costs](#);
- g. [Cost Reimbursable with No Fee](#).

**Note:** Strategy (e) may act as an incentive for the contractor to control costs because their profit does not increase if there is a cost overrun.

### 3.1.3 Method of Payment

The Method of Payment is documented in the Procurement Plan, [Annex 3.1.A](#), Section C.

Selection of the method of payment depends on the complexity and nature of the requirement. There can be multiple methods of payment within a single contract (for example progress payments with holdback and invoices). However, using multiple methods of payment increases the contract risks. Effort should be made to negotiate payment on delivery and acceptance. In consultation with the TA and CA, the PA will determine the appropriate method of payment for the requirement. In the early stages of planning this may not be known to the PA. However, as the requirement is further defined, the PA will update this section with the appropriate information. There are several available options:

- a) **Payment on delivery and acceptance** - usually identified in the contract by requesting the contractor to submit an invoice for payment.
- b) **Progress payments** - a payment made by, or on behalf of, the Crown under the terms of a contract, after the performance of the part of the contract in respect of which the payment is made, but before the performance of the whole contract ([TB Contracting Policy](#), section 12.2.4). Contract terms must be monitored to ensure that progress payments (also called milestones payments) reflect delivery schedules and appropriately relate to the value of the deliverable.
- c) **Advanced payments** - see [TB Contracting Policy](#), section 12.2.2 and [FAM 1020-3 Prepayments](#). Contract terms must be monitored to ensure that advanced payments, including those associated with FMS cases, are rationalized.

**Note :** Payment methods (b) or (c) will normally include a requirement for [holdback payments](#).



### 3.1.4 Procurement Milestones

Procurement Milestones are documented in the Procurement Plan, [Annex 3.1.A](#), Section D.

Procurement milestones are activities that are relevant for monitoring the procurement processes and are unique to each procurement case. They **may** include all or part of the following, plus any other features considered important on a case-by-case basis:

- Solicitation of Interest release
- Solicitation of Interest responses from industry
- DPS Oversight Committee review
- Approval of procurement strategy
- Requisition approval
- Draft Request for Proposal (RFP) release
- Final RFP release
- Evaluation of proposals complete
- Winning proposal selected
- Contract negotiations
- Contract award
- First delivery
- Final delivery
- Contract close-out.

In consultation with the TA and the CA, the PA determines realistic timelines for the procurement. The PA maintains these milestones and updates them as more detailed information becomes available. The updated milestones must be maintained in the CID, and Defence Resource Management Information System (DRMIS).

### 3.1.5 Procurement Risks

#### 3.1.5.1 Types of Procurement Risks

#### 3.1.5.2 Procurement Risk Management Process

Procurement Risks are documented in Section E of the Procurement Plan, [Annex 3.1.A](#), Section E.

Instructions for filling out the Procurement Risk and Strategy form are at [Annex 3.1.E](#).

#### 3.1.5.1 Types of Procurement Risks

The PA provides advice to the TA concerning all potential procurement risks. The TA and, where applicable, the Project Director, Project Manager (or both) must manage the procurement risks identified, and the PA must review them periodically to ensure that the risks have been mitigated.

Risks are unique to the specific commodity or procurement undertaken and the risks to be monitored may change depending on the phase of the procurement process. Risks to consider at various phases of procurement include:

a) Procurement Planning Phase:

- The procurement strategy selected (including the selected procurement option, the pricing strategy, aggressive timelines, whether it is a developmental procurement, the level of competition);
- The level of early engagement with industry (when the procurement is complex in nature);
- The quality of the statement of work (SOW); and
- The procurement timelines (including procurement strategy approvals, project approvals, funding authorizations, RFP preparation).

b) Procurement Execution Phase:

- Delays in the RFP process (questions from industry etc.);
- The number and quality of bid responses received.
- Negotiations and challenges brought to the Canadian International Trade Tribunal (CITT)

c) Procurement Control Phase:

- lack of experience within the team,
- risk to the Crown of selected pricing strategy,
- a high-risk contractor,
- delays in processing payments,
- foreign currency fluctuations, etc.

### 3.1.5.2 Procurement Risk Management Process

The PA develops and implements a procurement risk management strategy for all new requirements for goods and/or services valued greater than \$25k.

A risk management strategy is NOT required for any of the following regardless of dollar value:

- Call-ups against standing offers,
- LPOs,
- acquisition card procurements.

#### a) Procurement Risk Identification

Risk identification is the process of transforming uncertainties and issues about procurement into distinct tangible risks that can be described, monitored, measured, and corrected, if necessary.

A risk is the chance of something happening that will have an impact on the achievement. The first step in identifying risk is to understand the objective or work goal.

The PA identifies the procurement objective or work goal.

#### b) Procurement Risk Assessment

- The PA is responsible for clarifying the context of the risk management process and to assess the risks by identifying:
  - Who will be involved at each step of the process;
  - Background information;
  - All the stakeholders in this procurement;
  - Existing resources (data, review of risk and its previous treatment, etc.);
  - Techniques (checklists, brainstorming sessions, etc.) necessary to effectively identify the risks;
  - Criteria for evaluating risk priorities;
  - Tools to track the risk information.
- The PA is responsible for promoting communication by:
  - Inviting individual contributions to ensure airing of various points of view;
  - Developing a common understanding of the risk or situation by discussing various points of view;
  - Ensuring that all stakeholders use a common language or terminology to discuss risk;
  - Listing all the assumptions that the stakeholders have regarding the procurement;
  - Identifying the risks through brainstorming sessions;
  - Sharing the results of each step of the risk management process;
  - Finding out the stakeholders' attitudes and tolerance towards different types of risk.
- The PA is responsible for tracking risk information by:
  - Filling out the Procurement Risk Assessment Form and making it available to stakeholders;
  - Keeping an electronic version of the risk data for quick updating;
  - Ensuring a current copy of the risk assessment is kept in the procurement file;
  - Describing the risk sufficiently so that other people will understand it, especially after a period of time has elapsed.

### c) Procurement Risk Management Strategy

The PA is responsible for completing the Procurement Risk Assessment and Strategy Form ([Annex 3.1.E](#)) for each new procurement, in consultation with the TA, as follows:

- Set desired results. The results should be based on ADM(Mat)'s Strategic Framework of "Getting It Right":
  - Getting the right goods or services
  - At the right time
  - For the right price
  - While ensuring the right support and applying the right rules
  - All with the right people.
- Develop options and select a strategy. Usual options:
  - **Reduce the risk:** Decreases the likelihood of the risk occurring by controlling the risk.
  - **Avoid the risk:** Used when the risk level is unacceptably high and the means to reduce it are not practicable.

- **Transfer or share the risk:** Used when other parties may best be able to manage and/or share the risk.
- **Retain or accept the risk:** Sometimes the preferred option for satisfying stakeholder requirements.
- Develop and implement a risk management strategy considering the following points:
  - **Balance costs and benefits:** The value for money of the chosen strategy/option needs to be considered. Over-control of minor risk is as important to avoid as under-control of serious risk. Treatment is considered in terms of cost-effectiveness. The identified sources of risk and their impact, the nature of the risk and its relative priority must be taken into account.
  - **Use several strategies:** As the strategy or strategies may change over the life of a particular procurement, more than one risk management strategy can be used.
  - **Monitor for residual risk and unintended consequences:** Residual risk is the risk that remains after implementing a risk management strategy; usually, the risk is not eliminated but reduced to an acceptable level. Further, there can be unintended consequences if the risk mitigation measures produce even greater risk in other areas.
  - **Document:** It is vital that all actions be documented in the procurement file, as the rationale for a particular risk management strategy is linked to due diligence and accountability.
  - **Communicate:** the plan must be communicated to all stakeholders.
- Attach the risk assessment and strategy form to the procurement plan and include it as part of the staffing and approval process of the procurement file.
- Send a copy of all **high risk** Procurement Risk Assessment and Strategy Forms to the immediate supervisor.

#### d) Procurement Risk Monitoring And Evaluation

The risk environment is constantly changing and developing. Priorities of objectives and the associated importance of risk will shift and change. Therefore, the risk management process is dynamic and ongoing. The process has to allow for periodic review of risk and for consequent adjustments of the control response or strategy throughout the procurement life cycle.

The PA is responsible for:

- **Monitoring the Risk Management Strategy:** Identifying who is monitoring, what they are monitoring and the frequency of review.
- **Evaluating the Risk Management Strategy:** Periodic review of key risks and the overall strategy should be performed. Risk will likely change over the course of a procurement so evaluation of the status of risk is important.
- **Adjusting the Risk Management Strategy:** A natural consequence of monitoring and evaluating risk. One of four decisions can result:
- **Re-planning the current risk management strategy:** A new and modified plan is required when the analysis of the indicators shows that the risk mitigation is not working or when an unexpected event or adverse trend is discovered;

- **Closing the risk:** A risk is closed when it no longer exists (that is, the likelihood of occurrence has been reduced to 0% or there is no impact) or it is no longer cost-effective to monitor as a risk;
- **Invoking a contingency plan:** A contingency plan is invoked when a trigger has been exceeded (e.g. an X-days delay etc.) or when some other related action needs to be taken. The risk and its management strategy continue to be monitored after the contingency plan has been executed;
- **Continuing to track and implement the current risk management strategy:** No supplementary action takes place when the monitoring phase indicates that all is going as expected.

### 3.1.6 References

- [Treasury Board Contracting Policy - Policy Procedures](#)
- [Project Approval Guide Chapter 4: Part 6 – Project Committees](#)
- [Project Approval Guide Chapter 2: Part 3 – Project Approval](#)

### 3.1.7 Repair and Overhaul (R&O) Sourcing Strategy: Competition vs Sole-Source Criteria

#### Definition

1. A sole-source requisition is one in which the customer department specifies a particular supplier of a product or service as being the only one acceptable in accordance with Refs A, B and D.

#### Background

2. Government Contracts Regulations require the Contracting Authority (CA), Public Services and Procurement Canada (PSPC), to invite tenders before awarding contracts on behalf of user departments. PSPC or DND CAs, therefore, look to Statements of Requirements and/or procurement requisitions which are defined in terms that allow the use of the competitive process, whenever feasible.

3. On the other hand, the Department of National Defence frequently has requirements which are only obtainable from a single source. Such requirements must be clearly substantiated to the satisfaction of PSPC. Failure to provide clear and adequate substantiation will result in delay in award of contract. The appropriate CAs office should be consulted when a sole-source requisition is being prepared.

#### Aim

4. To provide guidance to Managers involved in establishing, or renewing third line R&O in-house or industry contract support services, required to repair and maintain CAF equipments and systems throughout their expected life span.

5. For new R&O projects, the requirement to obtain either competitive bids or single-source proposals from industry must commence very early in the original equipment/system

procurement process. This is to ensure that, at the phase of initial delivery of equipments/systems, the sourcing strategies have been discussed, validated and established amongst the various stakeholders (DND Procurement, Supply and Technical Managers, DND User community, Industry, as well as representation from PSPC). As well, the procurement strategy must consider the provisions of Industrial Regional Benefits (IRBs) and comply with the various trade agreements such as, but not limited to:

- North American Free-Trade Agreement (NAFTA)
- World Trade Organization Agreement on Government Procurement (WTO/AGP)
- Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
- Canadian Free Trade Agreement (CFTA)
- Comprehensive land Claims Agreements (CLCAs)
- Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

6. For on-going R&O contract support activities, it is equally paramount that the original sole-source requirement be reviewed, on or before contract renewal, to either reconfirm the basis under which the decision to sole-source the requirement was made initially (i.e. proprietary rights, etc) or to ensure that the same sole-source criteria remain valid and defensible. Contract Technical Data Packages (TDPs) can evolve during the course of a contract via engineering changes, technical investigations, design changes, et al which could modify a portion of the ownership or the Crown's permitted uses of the technical data, and could enable the Crown to source the requirement on a competitive basis, offering potential cost savings.

7. Henceforth, the validation of the requirement to proceed either competitively or sole-source is a vital exercise that will allow R&O Procurement Authorities (PAs) to obtain all of the necessary approvals and funding without delays and impediments; and to proceed expeditiously in seeking the necessary approval of the requirements from TB and DND Senior Management as applicable prior to the release of the requisition.

## **General Criteria**

8. Reference C requires that each sole-source requisition sent to PSPC shall contain supportable reasons for requesting a specific source, such as:

- a) availability of after delivery service; and
- b) unique capabilities or qualifications.

9. Generally, the justifying reasons for "sole-source" or "no substitute" procurement which satisfy the requirements of para 8 above are as follows:

- a) A specified proprietary product is required for reasons of technical and logistics requirements, where the introduction of a non-standard item would cause operating and maintenance difficulties or extra costs.
- b) A monopoly of the technology essential to the procurement is held by one firm because of a patent or licensing position, previous specialized experience or unique machinery and equipment in position to commence production.

- c) The scope or volume of the requirement places it beyond the normal capability of the industry and special facilities must be provided by the firm deemed to be the one with the most related experience.
- d) The requirement is of a very small order and the nature of the work is such that it would not be in the public interest to solicit bids.
- e) There is clearly one qualified firm available when all factors and pertinent policies are taken into account.
- f) The claiming of purchase credits accumulated through the rental of equipment or real property makes single source procurement the most cost effective.
- g) The preservation of a particular source is necessary to ensure the fulfillment of future needs of government.
- h) The work is one of pressing emergency in which delay would be injurious to the public interest.

10. Where there are justifiable reasons to request sole-source procurement, a substantiating letter must accompany the requisition. The letter requires sign off at the EPMs/EPS Procurement at the Director level (Ref to PAM 3.1.1.1.3.2). If circumstances justify the need for higher level approval, EPMs/EPS shall submit the letter to ADM (MAT) for signature.

## 11. References

- A. [DAOD 3004-1](#) Procurement Overview - Contracting
- B. PSPC Supply Manual, Chapter 5
- C. PSPC Supply Manual, Chapter 3
- D. TBS Contracting Policy Notice 2007-04 - Non-Competitive Contracting

### 3.1.8 Formal Procurement Strategy Review (Requirements with a total estimated value \$20M and above)

#### 3.1.8.1 Industrial and Technological Benefit Policy

The socio-economic policy that most often impacts defence procurement is the Industrial and Technological Benefit (ITB) Policy. This policy provides the framework for using federal defence procurement to lever long-term industrial and regional development within Canada. Industry Canada is responsible for the administration of the ITB Policy, with the assistance of the Regional Development Agencies.

A core element of the ITB approach is a rated and weighted Value Proposition. Bidders will be motivated to put forward their best Value Proposition for Canada in their bid proposal, as industrial considerations will now directly influence which bidding firm wins a contract.

ITBs are discretionary on defence procurements between \$2M and \$100M, and must be sought on all defence procurements over \$100M with the exception of security requirements by or on behalf of the Communications Security Establishment of the Department of National Defence

Although formal procurement strategy review is not mandatory for the above requirements the Department must still apply the principles of the Policy where appropriate, consistent with the security requirements of their procurement.

ITB requirements must be reflected in the procurement strategy and are developed jointly by DND, PSPC and Industry Canada (with input from the Regional Agencies). This is generally done during the review of procurements by the PRC or the DPS Governance Committees.

ITB requirements will be included in the request for proposals. Industry Canada and the Regional Agencies will assess the ITB portions of the proposals submitted using a pass/fail system. Once the government selects a winning bid, the corresponding ITB plans and their specific commitments become part of the contract signed between the government and the prime contractor.

Within DND, DGIIP/DIRAP is responsible for the following:

- Advising project offices and senior management on ITB policy;
- Assisting project offices in the selection of procurement strategies and the preparation of projects for socio-economic review by PRC or DPS Governance Committees.
- Liaising with Industry Canada on ITB requirements and policy;
- Providing advice to ADM(Mat) on the ITB aspects of the procurements when meeting with these committees.

Project offices that believe their project will be subject to socio-economic review should contact DGIIP/DIRAP early in their procurement strategy development.

### **3.1.8.2 Application of the Formal Procurement Strategy Review**

The procurement strategy must be formally reviewed for potential regional socio-economic benefits for all procurement requirements with an estimated value greater than \$20M.

### **3.1.8.3 DSP Governance Committees Membership**

DPS Governance Committee Membership consists of:

- Ministers of Public Services and Procurement (Chair)
- National Defence
- International Trade
- President of the Treasury Board (as an ex officio member)

There are 4 levels of DPS Governance Committees:

- Deputy Minister Level
- Assistant Deputy Minister Level
- Director General Level (procurements with an estimated value above \$100M)
- Director Level (procurements with an estimated value between \$20M and \$100M)

However, since projects can have multiple procurements, the entire project value is used to determine the appropriate initial governance committee. For greater clarity, all projects >\$100M must first present themselves to a DG level committee, that committee could decide to push down the management to the director level, if the individual procurements fall below \$100M. This also applies to omnibus projects where the value of the omnibus as a whole is used to determine the appropriate governance committee.



The decision to manage a procurement at one of the standing committees (ADM Committee or DM Governance Committee) is based on risk. DND or PSPC may highlight a procurement file to their ADM/DM for consideration at the ADM/DM level.

#### 3.1.8.4 DPS Governance Committee Process

Prior to finalizing the Procurement Strategy the PA will complete an unfunded requisition to submit to PSPC Allocations requesting a resource be identified for DPS Governance. All information that is available at that point in time will be included with the unfunded requisition. Information may include:

- Statement of Operational Requirement
- Statement of Operational Objective
- Estimated total value of the Requirement
- Estimated timeline or duration of the Requirement
- Any other information that may assist the committee in their evaluation

The PSPC CA is then responsible to:

- engage Industry Canada and facilitate the drafting of an Industry Engagement Plan
- convene the DPS Governance Committee to approve the Industry Engagement Plan (**DPS Governance 1**)

After the industry engagement has garnered sufficient information to allow the team to formulate a high level Procurement Strategy which will include application of the Industrial and Technological Benefits policy and may impose applicable value propositions, the PSPC CA is responsible to:

- Facilitate the drafting of the interdepartmental Procurement Strategy
- Convene the DPS Governance Committee to approve the Procurement Strategy (**DPS Governance 2**)

After the Request for Proposal has been drafted the PSPC CA is responsible to convene the DPS Governance Committee to approve the details concerning the specific application of the Industrial and Technological Benefits as well as the specific details concerning Value Propositions, if applicable. (**DPS Governance 3**)

DPS Governance 2 and DPS Governance 3 approval can be combined if the Committee agrees. Typically this can occur when the procurement is subject to the trade agreements and it will not be subject to economic leveraging (e.g. no Value Proposition). It is not recommended to combine DPS Governance 1 with the other two governance points, because it may not meet the goal of early industry engagement.

Recommendations and Decisions made by the DPS Governance Committees shall be documented and a copy retained on the procurement file.

If you need more information on DPS please contact MDN.SAMD-DPS.DND@forces.gc.ca.

#### 3.1.8.5 References

- [Industrial and Technological Benefit Policy](#)

## ANNEX 3.1.A Instructions to Complete a Procurement Plan Template

### [Sample](#) Procurement Plan Template

Block Description	Instructions
<b>A. Procurement Strategy</b>	
Procurement Requirement	Identify the requirement
Procurement Solution	Document the solution chosen and explain the rationale
Extent of Competition	Include a list of possible sources of supply for competitive tendering, or name of proposed contractor for limited tendering. Enter a justification for limiting any tenders.
Impact of Trade Agreements	Identify impacts of and exemptions from trade agreements.
Method of Procurement	Identify the method chosen and explain the rationale.
Special Requirements	Identify any special requirements.
Authorities	Enter the name, designation, phone, email, and fax information for each authority.
<b>B. Pricing Strategy</b>	Identify the Pricing Strategy.
<b>C. Method of Payment</b>	Identify Method of Payment
<b>D. Procurement Milestones</b>	List Procurement Milestones and timeframe.
<b>E. Procurement Risk</b>	List possible risks and plans for their mitigation

**Note 1:** For procurements requiring formal procurement strategy review, copies of the documentation required for the review shall be attached to the plan as they will replace Section A of this template.

**Note 2:** The procurement plan template is not required for services below \$25K (tax included) and for goods below \$5K (tax excluded).

## ANNEX 3.1.B Trade and Other Agreements Coverage Summary for Goods and Services (in \$Cdn)

**Note:** All applicable taxes Goods & Services Tax (GST) or Harmony Sales Tax (HST) are to be included in estimating the procurement value, in order to determine the applicable trade agreement coverage.

### [Trade Agreements Coverage Summary](#)

**ANNEX 3.1.C      This Annex has been deleted**

## ANNEX 3.1.D Instructions to Complete the ACRO Form

### The [ACRO Form](#)

	Block Description	Instruction
(1)	Fiscal Year	Enter the fiscal year of the review, for example FY05/06.
(2)	Case Number	This line must contain the previous case number or, if this is a new submission, left blank to be assigned by the ACRO Secretary in consultation with the Public Services and Procurement Canada (PSPC) ACRO co-ordinator. The first two letters in the number correspond to the section in PSPC that will be responsible for responding to DND's request for a contract.
(3)	Approval Period	Enter the approval period to indicate the FY period to which the ACRO approval applies, since it may be different from the requisition or contract dates. At the end of this period, a new ACRO case will be required to seek procurement strategy approval prior to awarding a contract.
(4)	New Requisition #	If the requisition number on the new contract will change, it should be entered here.
(5)	DND Requirement	Enter a brief description of the requirement.
(6)	NATO Stock Code	Enter the first 4 digits of the North Atlantic Treaty Organization (NATO) stock number of the equipment system subject to R&O.
(7)	Current Requisition # (see Note 1)	Enter the current requisition number.
(8)	Current Requisition Period (see Note 1)	Enter the current requisition period.
(9)	Current Contract Period (see Note 1)	Enter the current contract period.
(10)	Current Contractor (see Note 1)	Enter the current contractor.
(11)	Other Sources	List other contractors, including their locations, that are able to perform the work. If the list is extremely long, list only a few of the contractors and follow with the statement "List is not all inclusive".
(12)	Impact of Trade Agreements/CLCA	<p>State the effects of:</p> <ul style="list-style-type: none"> <li>• North American Free Trade Agreement (NAFTA)</li> <li>• World Trade Organization Agreement on Government Procurement (WTO-AGP)</li> <li>• Canada-European Union Comprehensive Economic and Trade Agreement (CETA)</li> <li>• Canadian Free Trade Agreement (CFTA)</li> <li>• Comprehensive Land Claims Agreements (CLCA)</li> <li>• Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)</li> </ul> <p>on the procurement strategy being recommended in the case. (Relevant details of these agreements can be found in the <a href="#">PSPC Supply Manual</a>.) It is advisable to consult with your PSPC Contracting Officer before completing this</p>

	Block Description	Instruction
		section. (See PAM 3.1.1.1.3.4.)
(13)	Overriding Factors (see Note 2)	Describe any overriding factors that must be taken into account when reviewing the case. Provide a short, but sufficiently detailed statement which should consider: <ul style="list-style-type: none"> <li>• Technical data, proprietary rights and authorized facility;</li> <li>• Past performance and skills;</li> <li>• Government direction to sole source the case for various reasons; or</li> <li>• Whether or not there are Canadian sources available to do the work.</li> </ul> (See PAM 3.1.1.1.5; note that some of these comments may also be shown under blocks 18, 19, 20 and 21 below.)
(14)	Sole Source/Competition	State that the case should be either sole sourced or open to competition. (See PAM 3.1.1.1.3 and <a href="#">Table 3.1.1-1.</a> )
(15)	Single/Multi-Year Contract	State that the case should result either in a single-year or multi-year contract.
(16)	Estimated Cash Flow	Provide the breakdown of the estimated cash flow, including the cost of Accountable Advance Spares (AAS), Technical Investigation and Engineering Support (TIES), and PMS if applicable. Do not include GST/HST costs as these are paid under a different Resource Code. Cash flow should be shown for the same number of years indicated in the Approval Period.
If applicable provide the following procurement strategy considerations:		
(17)	<i>Engineering Cognizance/TIES</i>	A statement regarding the contractor's engineering knowledge or abilities and TIES.
(18)	<i>Set Up/Infrastructure Costs</i>	A statement on the costs associated with setting up in the contractor's plant. Discuss what equipment is required to do the work, its present location and who owns the equipment.
(19)	<i>Spares Transfer Costs</i>	A statement regarding the costs involved in the transfer of spares. Consider transportation costs, handling fees, embodiment fees, etc.
(20)	<i>Impact on Other Contracts</i>	A statement regarding the effect this contract may have on other contracts related to the support of the particular equipment.
(21)	<i>Publications</i>	Consideration of the costs involved in transferring publications and providing updates and translation services. Comment on who owns the publications — DND or the contractor.
(22)	<i>Other Costs</i>	Any other costs not covered in other sections.
(23)	Socio-economic Impact	A statement regarding the socio-economic costs involved with keeping a contract in a region. Discuss with the PSPC representative to determine the number of direct and indirect jobs that could be effected if the contract is moved.
(24)	Remarks	As applicable, use this section to give more background on the subject or to conclude your substantiation. Include the method of procurement. (See PAM 3.1.1.1.4.) Include justification for limited tendering. (See PAM 3.1.1.1.3.2.)
(25)	Procurement Authority	Enter the Name, Designation, Phone and Fax numbers of the DND Procurement Officer submitting the case.

	Block Description	Instruction
(26)	Technical Authority	Enter the Name, Designation, Phone and Fax numbers of the Technical Authority or LCMM for the equipment on the case.
(27)	PSPC Contract Officer	Enter the Name, Section (BF, BQ, LM etc), Phone and Fax numbers of PSPC Contract Officer who will be handling this case.
(28)	Division/Signature/Date	The responsible person must print name, sign and date.

**Notes :**

1. Enter "N/A" if this is a new submission to ACRO.
2. If the case is to be open to competition, then there may be no need for a comment in the section on Overriding Factors.

**ANNEX 3.1.E Procurement Risk Assessment and Strategy Form**

The [Procurement Risk Assessment and Strategy Form](#)

Instructions to complete the Procurement Risk Assessment Strategy Form:

	Block Description	Instruction
(1)	File #	Insert File Number.
(2)	Procurement Officer	Insert originator of the procurement.
(3)	Designation	Insert designation.
(4)	Client	Insert the designation of the requestor of the procurement. For NICP reprovisioning insert consignee(s).
(5)	Type of Procurement	Highlight whether the procurement is for goods, services or both.
(6)	Description	Provide a brief description of the requirement.
(7)	\$ Value	Insert the total potential cost, including option years.
(8)	Contractor (if known)	Insert the contractor name, if known.
	<b>Part I</b>	
(9)	Procurement Requirement	Answer all questions. Elaborate on risk mitigation in Part 2 of this form.
(10)	Procurement Solution	Answer all questions. Elaborate on risk mitigation in Part 2 of this form.
(11)	Procurement Team Capability/Capacity	Answer all questions. Elaborate on risk mitigation in Part 2 of this form.
(12)	Industry Capability/Capacity	Answer all questions. Elaborate on risk mitigation in Part 2 of this form.
	<b>Part II</b>	
(13)	Risk Management Strategy	Include the OPI and OCI for the strategy, usually the PA and the TA. Use the Details/Comments block in Part 2 to outline the risk mitigation strategy that will be used. You can use a

	Block Description	Instruction
		separate document if extensive details are required.

## 3.2 Review the Requirement for Procurement

This PAM section addresses the following steps to review a requirement for procurement:

- 3.2.1 Purpose
- 3.2.2 The Requirement
- 3.2.3 The Organization
- 3.2.4 Expenditure Initiation Authority
- 3.2.5 FAA Section 32 Authority
- 3.2.6 Procurement Strategy
- 3.2.7 Statement of Work Review
- 3.2.8 Security Requirements Checklist (SRCL)
- 3.2.9 Controlled Goods / Controlled Technology Access and Transfer (CTAT)
- 3.2.10 Intellectual Property (IP)
- 3.2.11 Quality Assurance
- 3.2.12 Transportation (Inbound Logistics)
- 3.2.13 Stock Number / Part Number / Category of Resource or Classification
- 3.2.14 Government Furnished Resources (GFR)
- 3.2.15 Warranty
- 3.2.16 References

### 3.2.1 Purpose

The purpose of this PAM section is to provide guidance to the PA in identifying if the procurement requirement they have received:

- Is appropriate for their organization to action.
- Has the approvals required to proceed with procurement action.
- Is identified adequately for procurement action.

### 3.2.2 The Requirement

The Procurement Authority (PA) receives from the Technical Authority (TA), Project Manager (PM), Project Director (PD) a requirement, which most commonly take one of the following forms:

- a) A SOW for services, for example:
  - Technical Investigation and Engineering Support (TIES)
  - Repair and Overhaul (R&O) services
  - Bundled requirements
  - Professional Services or Temporary Help Services
  - Requirement identified in a Capital or Miscellaneous Requirement (MR) project work breakdown structure (WBS)
  - Maintenance services (such as cleaning, sanitation, grounds upkeep).

- b) A written request from the TA and/or Responsibility Centre (RC) Manager requesting the purchase of materiel (such as office supplies, modification kits, spare parts or end items)
- c) A PReq generated from work orders in DRMIS.
- d) A list of spare parts for Initial Provisioning.

This PAM section also includes information regarding the following specific commodities:

- 3.2.2.1 Hotel and Facilities
- 3.2.2.2 Corporate Membership
- 3.2.2.3 Architectural and Engineering Services
- 3.2.2.4 Software

### **3.2.2.1 Hotel and Facilities**

Employees travelling on official government business (Temporary Duty) are required to book and pay for accommodations themselves, following the directions in [Treasury Board Travel Directive](#). The money spent on such accommodation will be reimbursed to the employee at the end of their travel.

Block booking accommodations for more than one DND Civilian Employee and/or CAF Member may only be done by an individual that has the appropriate contracting authority on their signed DoA form. This is when a contract for hotel rooms will be entered into by one Contracting Authority, covering the room requirements for multiple participants to the activity. The participants will be informed by the CA about the contract being put in place and then each participant will book a room directly with the hotel, by referring to the contract. Also, the contract may allow for provisions to have each individual pay for their room. (Note: Payment by each attendee on their travel card does not change the contracting authority requirement for the contract; individual payment is part of the payment methodology and is to be reflected in the contract.)

Another example is the rental of a conference room in a hotel to host a DG town hall. This is when a contract for facility will be entered into by a Contracting Authority.

Each situation is different. This is why the RC Manager exercising Expenditure Initiation Authority will have to analyze the specifics of each scenario and advise if the process will continue following:

- a. the TD process for each employee involved in the event where each employee individually makes their own arrangements and no block booking of hotel rooms is made, or
- b. the contracting process for a consolidated number of hotel rooms covering some or all potential participants in the event.

Procurement policy and procedures apply when a contract is deemed, by the RC Manager, to be the most appropriate way to address the requirement for hotel rooms and facilities.

### **3.2.2.2 Corporate Membership**

Corporate Memberships are considered procurement of a service (very rarely a good) when it:

- is in support of a well-defined requirement; and
- provides DND/CAF full access to the direct benefit of a corporate nature; and



- no individual receives a substantial unique personal direct benefit; and
- is established in the name of the department or a departmental organization.

Corporate Memberships are acquired with a transfer payment when it does not result in DND/CAF receipt of a direct service or good, but rather indirect benefits will (fully or partly) be obtained.

Examples could include payments to an institution to support or promote a mutual goal, the achievement of which would produce no direct receipt of services and/or goods by the DND/CAF.

For policy and guidance related to approval of transfer payments, refer to the Financial Administration Manual Chapter 1016-1 Transfer Payments and the Treasury Board Policy on Transfer Payments.

For further information, contact Grant and Contribution Centre of Expertise - Director Corporate Submissions and Financial Arrangements 3 (DCSFA 3) / Director General Strategic Finance and Financial Arrangements (DG SFFA) / Assistant Deputy Minister (Finance) (ADM (Fin CS)).

Corporate Memberships must not be acquired where:

- the only benefit is future access without following all applicable Government of Canada legislation, regulations, policies, process and procedures associated with procurement and contracting of services or goods.
- Renewal is automatic.

Reimbursements for personal memberships are personal benefits and not considered procurement.

For policy and guidance related to approval of reimbursement to CAF members contact, CAF Personnel Support Program (PSP) / Canadian Forces Morale and Welfare Services (CFMWS) / Director General Personnel and Family Support services (DGPFS) / Chief of Military Personnel (CMP).

For policy and guidance related to approval of reimbursements to DND civilian employees, refer to applicable collective agreement and your Civilian Human Resources Officer in the regional Civilian Human Resources Service Centre (DCHRSC) / Assistant Deputy Minister (Human Resources – Civilian) (ADM(HR-Civ)).

### **3.2.2.3 Architectural and Engineering Services**

The Treasury Board has specifically limited departmental contracting authority for Architectural and Engineering Services.

The definition of an Architectural and Engineering contract is:

A contract for the provision of services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work.

The Treasury Board Contracting Policy details specific limitations related to Architectural and Engineering contracts.

In DND these limits have been interpreted and included as "contract entry" and "total value of the amendments" in the Specific Goods and Services section of the delegation instrument and matrix

The Department has further restricted the delegation of contracting authority for Architectural and Engineering Services to certain positions, only in ADM(IE) who may, within these limits, enter into:

- a Call-up against a Standing Offer;
- A Contract against a Supply Arrangement;
- A competitive or non-competitive process

#### 3.2.2.4 Software

The most significant difference between software procurement and procurement of other items is that in most cases you do not "own" your purchase. With the majority of software purchases you acquire a licence that allows you to use the software under conditions defined by the vendor. These terms are most commonly defined within an **End User Licence Agreement (EULA)**. Terms and conditions of EULA can vary considerably and by their nature, can be very complex. In order to simplify and standardize these terms and conditions, PSPC has recently implemented the Software Licensing and Supply Arrangement (SLSA).

SW and SW maintenance and support services have been identified as a PSPC mandatory SO/SA commodity:

- N70 General Purpose Automatic Data Processing Equipment, Software, Supplies and Support Equipment

PSPC maintains the following website and associated SO/SAs:

- The Software Acquisition Reference Centre (SARC) website
- The current awarded and multi-departmental contracts website
- The Software Licensing and Supply Arrangement (SLSA) website

Prior to investing in new or additional SW, HW and IT services, representatives of ECS/L1s must coordinate their procurement activities through consultation with the IM Group, by submitting all their requests to the Procurement Alignment Review mailbox [+IM GP PROC Alignment Rev@ADM\(IM\) DIMCD@Ottawa-Hull](mailto:+IM_GP_PROC_Alignment_Rev@ADM(IM)_DIMCD@Ottawa-Hull)).

PA is responsible to:

- Receive the requirement from the originating TA;
- Review the requirement;
- Ensure that the originating TA has submitted a copy of the quotes;
- For sole source requirements only the PA must ensure that the originating TA has completed and submitted the following documents:
  1. PSPC Sole Source and Limited Tendering Certification (SSLTC) form:
    - reviewed, signed and approved by the originating TA's Director
    - reviewed, signed and approved by the originating PA's Director
  2. PSPC Maintenance Certification form reviewed, signed and approved by the originating TA.

- 3. Treasury Board Secretariat (TBS) Sole Source Questionnaire (for software requirements that exceed \$25K)
- Forward the SW requirements package to [+IM GP PROC Alignment Rev@ADM\(IM\) DIMCD@Ottawa-Hull](mailto:+IM GP PROC Alignment Rev@ADM(IM) DIMCD@Ottawa-Hull),

DIMCD is responsible to:

- Review the requirement
- Approve or deny the request
- Consolidate requests where possible
- Return the package to the originating PA and indicate if the requirement is in scope or out of scope of the SLSA

PA is responsible to:

- Proceed with the procurement based on the information provided by IM TA
- Include in the procurement/contract file:
  - List of deliverables / SOW
  - Supplier Quote(s)
  - Maintenance Certification (form renewal of software maintenance and support)
  - SRCL (see PAM 1.7.3 Contractual Security)
  - Sole Source Limited Tendering Certification (SSLTC) Form, SSLTC Memo and TBS Questionnaire, if sole source and over \$25K.
- Ensure all documentation is complete

### 3.2.3 The Organization

The PA must ensure that the requirement is one that the PA would be responsible for procuring.

Refer to PAM 1.4.3 Procurement Initiation Authority to aid in determining which organization has the authority to exercise PIA for a particular requirement.

If the PA is not responsible for procuring, he or she must forward the requirement to the correct person or organization and notify the originator.

DND/CAF requirements related to software, software maintenance and support services are centralized and coordinated by:

- ADM(IM)/DGIMT/DIMEUS, the DND/CAF enterprise SW TA
- ADM(Mat)/DG Proc Svcs/DES Proc 4, the DND/CAF SW PA for medium risk requirements over \$2M and all high risk requirements regardless of value

Prior to investing in new or additional SW, HW and IT services, representatives of ECS/L1s must coordinate their procurement activities through consultation with the IM Group, by submitting all their requests to the Procurement Alignment Review mailbox [+IM GP PROC Alignment Rev@ADM\(IM\) DIMCD@Ottawa-Hull](mailto:+IM GP PROC Alignment Rev@ADM(IM) DIMCD@Ottawa-Hull)).

### **3.2.4 Expenditure Initiation (EI) Authority**

For all procurement requirements Expenditure Initiation Authority approval is required to be exercised in accordance with FAM [1016-2 Expenditure Initiation and Commitment Control](#) and CDAO SOP [1.09 Procure to Payment](#).

Auditable evidence is required to be provided to the PA, who must retain a hard copy of the approval in the Procurement/Contract File.

### **3.2.5 FAA Section 32 Authority**

For all procurement requirements FAA Section 32(1) Authority approval is required to be exercised in accordance with FAM [1016-2 Expenditure Initiation and Commitment Control](#) and CDAO SOP [1.09 Procure to Payment](#).

Auditable evidence is required to be provided to the PA, who must retain a hard copy of the approval in the Procurement/Contract File.

### **3.2.6 Procurement Strategy**

Notwithstanding that a Procurement Plan may not be required, a Procurement Strategy is required for all procurements and formal procurement review is required for procurement valued over \$2M.

The PA is responsible to ensure a Procurement Strategy is completed and all required information is documented for retention on the procurement/contract file.

Refer to [PAM 3.1.1 Procurement Strategy](#) for details on procurement strategy requirements.

#### **3.2.6.1 Procurement Method**

The PA will use the Procurement Method Decision Tree (Figure 3.2-1) to ensure the Procurement Strategy includes the best method for satisfying the requirement.

#### **Figure 3.2-1 Procurement Method Decision Tree**

[PAM Figure 3.2-1 \(DOC, 40 KB\)](#)

### 3.2.7 Statement of Work (SOW) Review

The SOW:

- Enables all potential bidders to clearly understand the requirements.
- Allows potential bidders to accurately cost their offering or proposal.
- Provides a solid foundation for the remainder of the contracting or procurement process (from evaluation to close-out).
- Allows the government and the supplier to assess their performance.
- Reduces the possibility of claims, disputes, and change.

The SOW should clearly describe:

- the work to be carried out
- the objectives to be attained
- the time frame

(See the [TB Contracting Policy, article 16.1.](#))

The TA is responsible to:

- Write the SOW in accordance with the standard format [complex and simple SOW structure](#), reviewing it for technical completeness, and making all changes necessary to make it acceptable for procurement
- Establish a method of tracking versions of the SOW and identifying the final version (for example with a date and version number or with "final" printed on the SOW)

The PA is responsible to review the SOW and associated Contract Data Requirements List (CDRL) and Data Item Descriptions (DIDs), before proceeding with the procurement process. In complex requirements, this review occurs with each version of the SOW.

This section contains information on the following:

- 3.2.7.1 SOW Format
- 3.2.7.2 Associated Documents
- 3.2.7.3 Process for Review
- 3.2.7.4 Final SOW

#### 3.2.7.1 SOW Format

The SOW must be prepared to a specified format, which may be categorized as either simple or complex. The structure of the SOW is determined by the type, magnitude and complexity of the work, the degree of detail required and the supporting documentation necessary to define the requirement. (Refer to [Complex and Simple SOW Structure](#); see also [Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#).)

The types of procurement, their characteristics and attributes are as follows:

- **Simple procurement described in a simple [SOW](#) :**

- Available through an existing contract vehicle (standing offer, supply arrangement, PFC)
- Off-the-shelf product or service
- Low risk
- Low dollar value
- The requirement and the deliverables are fully defined
- No political sensitivity

- **Complex procurement described in a complex [SOW](#):**

- Stated in output, performance or capability terms (there are no detailed technical specifications)
- Significant resource constraints (project budget) and trade-offs required
- Significant risk levels of performance, time, and cost
- Significant level of interactions between DND and the contractors (co-dependence and risk sharing)
- Many systems elements for the contractor and/or the customer to bring together to deliver integrated solutions to meet the required capability (e.g., main weapons platforms plus in-service support)
- Many DND and government stakeholders involved with possible conflicting priorities
- Definition/development/modifications/R&D are required to meet DND needs (i.e., not unmodified, off-the-shelf system)
- High dollar value
- Extreme operational urgency
- Short delivery lead-time
- Special procurement processes involved
- Phased delivery with interdependence between phases
- Contentious industrial marketplace
- Political sensitivity
- Public sensitivity
- The requirement and the deliverables are not fully and clearly defined

### **3.2.7.2 Associated Documents**

Work tasked in a complex SOW generates data, which may be an end product in itself (such as test results), or be transformed into documents (such as training manuals, CFTOs, etc.).

[DIDs](#) are standalone documents that describe, in terms of format and content, the data or documents to be delivered by the contractor.

The [CDRL](#) details all the delivery requirements associated with each DID and provides the cross-reference between the SOW paragraph that requests the deliverable and the DID number.

### **3.2.7.3 Process for Review**

The PA is responsible to review the SOW and associated documents, before proceeding with the procurement process. In complex requirements, this review occurs with each version of the SOW.

The PA must:

- ensure the “scope of work”, the “list of tasks” and the “list of deliverables” are aligned
- ensure that for each “deliverable” there is a matching “task”
- ensure the SOW conforms to or is in support of the statement of requirement
- track all comments and recommended changes in the SOW and forward them to the TA for updating the SOW document
- maintain on file all comments and recommended changes to the SOW until it is finalized

The PA must use the following checklist to review the SOW/CDRL/DID for completeness and contractibility:

Information	Addressed (√)
<b>Completeness</b>	
Ensure that the language of the SOW is clear, that it is not ambiguous, that it does not have more than one meaning, and that it is clearly understood what the contractor is being asked to do.	
Verify the grammar and spelling.	
Ensure that there is <b>no</b> question on what work the contractor is obligated to perform: the words to use are " <b>must</b> " or " <b>shall</b> " instead of "should" or "may".  Ensure that there is a way of confirming that the work has been completed.	
Ensure that the SOW follows the correct structure (Simple or Complex).  Identify content that is unrelated to defining the work.  Remove any unrelated content and place it in the main body of the requisition or contracting document. (e.g. Authorities, general terms and conditions, basis of payment, delivery destination, clauses).	
Ensure that the SOW defines clear deliverables and/or clearly defined milestones.  For each deliverable/milestone it must be possible to show progress of the work against which payments could be made under the contract.  <b>Note:</b>  <ul style="list-style-type: none"> <li>• This is essential for Professional Service contracts in order to avoid an Employee/Employer relationship.</li> </ul>	

Information	Addressed (√)
<ul style="list-style-type: none"> <li>• Payments based on per diem rates are generally <b>not</b> acceptable.</li> </ul>	
<p>Ensure that the information on delivery format and dates is complete in the CDRL/DID.</p> <p>If updates to the deliverables are required, ensure that :</p> <ul style="list-style-type: none"> <li>• all recipients are clearly identified; and</li> <li>• the review and response timeframes are explicitly stated.</li> </ul>	
<p>Ensure that the SOW/CDRL/DID references are correct.</p>	
<b>Contractibility</b>	
<p>Ensure that the SOW does <b>not</b> contain terms to describe how the contractor will work, that will give the impression of an employer/employee relationship (e.g. Responsible, Responsive, Respond to, Report to, Consult with, Direct, Guide, Advise, Supervise, Coordinate).</p> <p>For more information on what determines an employer-employee relationship, refer to :</p> <ul style="list-style-type: none"> <li>• the Canada Revenue Agency definition at <a href="#">Employee or Self-employed</a></li> <li>• PAM <a href="#">1.8.3 Employee/Employer Relationship</a></li> </ul>	
<p>Ensure the SOW does <b>not</b> place the contractor in a position to review their own work.</p>	
<p>Confirm with the TA that:</p> <p>a) <b>No</b> contractor who will bid on the work has been involved in the preparation of the SOW;</p> <p>b) <b>No</b> contractor, employed by the company to which the work will be directed in a Limited Tendering (sole source) contract, has been involved in the preparation of the SOW; and</p> <p>c) <b>No</b> contractor, working under a task authorization contract, will be involved in writing a SOW, which will then be used to task that same contractor to do the work.</p>	
<p>Ensure that the SOW does not define the requirement in a restrictive way so</p>	



Information	Addressed (√)
<p>that only one contractor would be able to bid, thus avoiding competition.</p> <p>Any legitimate reason for directing this work to a single contractor must be identified in an accompanying sole source letter and the reasons must meet the TB exceptions as stated in <a href="#">TB Contracting Policy, article 9 Best Value</a>.</p>	

#### 3.2.7.4 Final SOW

The PA must remove draft copies of the SOW from the file, once the SOW is finalized, as the procurement file must contain only the finalized SOW.

Should any critical procurement issues remain unresolved, after the SOW has been finalized, the PA must document the issues and the corrective action that was requested but not taken by the TA. This document will remain in the procurement file along with the final copy of the SOW for audit purposes, until the issues are resolved.

#### 3.2.8 Security Requirements Check List (SRCL)

The SRCL is completed for all requirements following the direction in [PAM 1.7.3.3](#)

#### 3.2.9 Controlled Goods / Controlled Technology Access and Transfer (CTAT)

Under the Defence Production Act, to access controlled goods and/or related technical data, a Canadian contractor must either be registered with PSPC - Controlled Goods Directorate (CGD), exempt or excluded from registration. When dealing with foreign origin controlled goods (namely from the U.S. and France, but not exclusively), DND must ensure that proper authorisation is granted from the relevant foreign authorities before allowing the re-transfer of foreign origin controlled goods to a contractor.

The PA must:

- Ensure that the TA has addressed the issue of controlled goods before raising procurement documents including International Traffic in Arms Regulations (ITAR) restrictions for U.S. origin controlled goods
- Identify the controlled goods in procurement documents provided to Contracting Authority
- Ensure that appropriate clauses and statement of requirements are included in procurement documents dealing with third party transfer, U.S. ITAR restrictions, disposal and identification of controlled goods
- Verify, when DND is providing a Technical Data Package (TDP) or equipment to a contractor, that controlled goods are not transferred to unauthorized persons and that prior re-transfer approvals for the use of existing equipment and TDP are obtained, particularly for U.S. origin controlled goods acquired commercially or through the Foreign Military Sales (FMS) program
- Ensure that contractors working on controlled goods at DND sites or having access to DWAN/DIN are either registered or exempt from registration. When contractors work at

DND sites but not on controlled goods or on the DIN/DWAN, security measures must still be in place to prevent unauthorized access

For detailed information on annotation to procurement documents, re-transfer approval procedures and other related issues associated with procurement involving controlled goods, refer to the [CTAT site](#).

The procurement of the following materiel is restricted and must be approved by the applicable Equipment Program Manager (EPM) at NDHQ:

- Any type of ammunition
- Firearms, Weapons, Missiles
- Items containing radioactive materiel
- Major equipment
- Radar equipment
- Nuclear, biological or chemical equipment
- Clothing including footwear and equipment that would normally be nationally procured IAW DND specifications and requirements
- Nationally managed telecommunications, satellite, radio, antennas, cryptographic and tempest equipment
- Fire Apparatus
- Secure Filing Cabinet
- Product containing Mercury
- CTAT or ITAR controlled Items
- All radiofrequency emitting devices (refer to article [PAM 1.3.2](#))

### **3.2.10 Intellectual Property (IP)**

Industry Canada's Policy on [Title to Intellectual Property Arising Under Crown Procurement Contracts](#) applies.

The contractor is to own the rights to Foreground Intellectual Property created as a result of a Crown Procurement Contract. This default position is subject to exceptions and exemption found in *Industry Canada's Title to Intellectual Property Arising Under Crown Procurement Contracts*.

### **3.2.11 Quality Assurance**

The TA is to contact the [Director of Quality Assurance \(DQA\)](#).

The Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)) is the authority for the assignment of quality assurance (QA) codes in the DRMIS and to identify the quality assurance requirements (appropriate SACC clauses) for the product, the project (which is introducing new equipment (such as a new platform) or upgrading equipment) and the service (repair and overhaul (R&O), in-service support (ISS), design services or for a project).

The TA is responsible to inform the PA of the QA code and other quality assurance requirements.

The PA is responsible to include the QA code and quality assurance requirements in the procurement and contract documents.

### 3.2.12 Transportation (Inbound Logistics)

In April 2003, ADM(Mat) issued a [memo](#) outlining that he would like DND to manage inbound logistics for sole source, R&O, low dollar value (requirements below \$5K) and FMS contracts by including in the procurement documents [the Standard Acquisition Clauses and Conditions \(SACC\)](#) clauses found in support of Free Carrier (FCA) as defined in the International Commercial Terms (Incoterms).

It is advised that the J4 TN Contract Manager be consulted with respect to the correct Incoterm usage.

When using any Incoterm, a copy of the contract must be provided to [CJOC/CMSG/J4 TN](#).

**Note:** For contracts in support of third line activities, shipping fees will be paid out of departmental inbound transportation budget. Fees for all non-third line contracts will be paid out of the client's budget (financial coding must be provided by the client).

For information and questions on transportation, contact CJOC/CMSG/J4 TN at [ILHQOttawa@forces.gc.ca](mailto:ILHQOttawa@forces.gc.ca) or 1-877-877-7423, the DND authority for transportation.

### 3.2.13 Stock Number or Part Number (for Goods) and Category of Resource or Classification (for Services)

#### For goods:

The stock number will be either a NATO stock number (NSN) or a permanent stock control number (PSCN) which currently exists in the DRMIS.

A part number will be used when a stock number has not yet been or will not be assigned. The TA is to refer to [Materiel Identification \(MI\) Process](#).

A complete description includes, as applicable:

- All relevant management data (packaging, handling and storage). If the item has a shelf life, packaging code, or is identified as hazardous material (HAZMAT), specific clauses need to be included in the procurement. For additional information on packaging, handling and storage requirements that must be identified, contact DSCO 3-2 at (819) 997-4658, the departmental authority for these areas; and
- All acceptable part numbers. (See [Canadian Government Cataloguing System \(CGCS\)](#))

#### For services:

The category of resource or the classification of the services required must be identified.

### 3.2.14 Unit Pricing

The PA must ensure that the TA has identified as a contract data deliverable, line and unit item pricing for all goods delivered under the contract when terms of payment are not based on unit item pricing, such as milestone or progress payment.

This information is required for accurate pricing when the goods are receipted and brought on charge in the supply system.

### 3.2.15 Warranty

The TA must identify any warranty requirements.

In the case where a warranty is applicable, the PA is to ensure vendor reporting requirements for warranty work/claims are included in the procurement and contract documentation.

The warranty requirement can be identified in a Data Item Description (DID). Refer to [PAM 3.2.7.2 Associated Documents](#).

### 3.2.16 Disposal

When a system or equipment will be introduced into service, the PA must ensure that the TA has addressed the contract stipulations affecting disposal and the issues that may impact the disposal of the asset.

The DND functional authority for disposal is the Director Materiel Policy and Procedures (DMPP) 7, Supply Management Policy.

Questions can be forwarded to: [+MA&S Service Desk@ADM\(Mat\) DSCO@Ottawa-Hull](mailto:+MA&S_Service_Desk@ADM(Mat)_DSCO@Ottawa-Hull).

### 3.2.17 References

- [Canadian Government Cataloguing System \(CGCS\)](#)
- [FAM 1016-2 Expenditure Initiation and Commitment Control](#)
- [CDAO SOP 1.09 Procure to Payment](#)
- [TB Contracting Policy, article 16.1.\)](#)
- [Complex and simple SOW structure](#)
- [Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#)
- [Employee or Self-employed](#)
- [TB Contracting Policy, article 9 Best Value.](#)
- [Materiel Identification \(MI\) Process](#)
- [CTAT](#)
- [CFAO 36-30 - Loans of Materiel by and to DND](#)
- [LOG SOW](#)
- [Supply Administration Manual \(SAM\)](#), Section 6.2, Disposal of Materiel

### 3.3 Develop Procurement Documents

This section provides information required to complete procurement documents to either go directly to industry or request a contract through the appropriate organization that will act as the contracting authority.

#### Using Standard Acquisition Clauses and Conditions (SACC) in procurement Documents

In some cases the PA or CA is required to include the appropriate standard clauses and conditions. PSPC maintains standard clauses which have been reviewed and approved by legal advisors. These standard clauses are available in the [Standard Acquisition Clauses and Conditions Manual](#). Any modifications to the standard clauses require review and approval by DND legal advisors. If PSPC is the contracting authority their legal advisors will have to review and approve the modifications as well.

The SACC Manual includes [instructions on how to use the manual](#). The PA/CA is responsible to consult the SACC Manual to determine which clauses should be used.

Four types of procurement and contracting methods are available to the Procurement Authority (PA) and to the Contracting Authority (CA):

1) Contracting Direct with the Trade (DWT):

Low Dollar Value (LDV) Procurement: refer to PAM 3.3.9

- Procurement for Services through Director, Services Contracting (D Svcs C): refer to PAM 3.3.12

2) Contracting Using an Existing Vehicle:

PSPC Call-up Against a Standing Offer (SO): refer to PAM 3.3.1

- Supply Arrangement (SA): refer to PAM 3.3.4
- DND 626 Task Authorization: refer to PAM 3.3.2
- Pre-Facilitated Contract (PFC): refer to PAM 3.3.3
- Amendment to an existing Contract: refer to PAM 3.3.14

3) Requesting a Contract Through PSPC or DCC (using the Procurement Initiation Authority/PIA):

- Procurement through PSPC: refer to PAM 3.3.11
- Procurement through Defence Construction Canada (DCC): refer to PAM 3.3.7
- International Agreements with the U.S. Government (Foreign Military Sales-FMS) and International Methods of Procurement: refer to PAM 3.3.8

4) Other Methods:

- Procurement through Cooperative Logistics (COLOG): refer to PAM 3.3.5

**Note:**

The following instruments must not be used for procurement and/or contracting of goods and/or services. Nonetheless, they are available to the PA/CA to fulfil some specific requirements:

- In-House Manufacturing and Testing: refer to PAM 3.3.6
- Memorandum of Understanding (MOU): refer to PAM 3.3.13
- Funds Earmarked (FE): refer to PAM 8.0

### **Mandatory use of Standing Offers (SOs) and Supply Arrangements (SAs)**

It is mandatory to use existing PSPC Standing Offers (SOs) or Supply Arrangements (SAs) to purchase commodities identified as mandatory on the PSPC Standing Offer Index [SOI site](#), in lieu of using any other method of procurement (for example, Local Purchase Order (LPO), 9200 Requisition).

More information on Mandatory standing offers and supply arrangements can be found on the [PSPC website](#).

Mandatory commodity search headings and links to online standing offers and supply arrangements and PSPC commodity contact information can be found at the following links:

[N23](#) Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycles

[N58](#) Telecommunications Equipment and Accessories

[N70](#) General Purpose Automatic Data Processing Equipment, Software, Supplies and Support Equipment

[N71](#) Furniture

[N74](#) Office Machines, text processing systems and visible recording equipment

[N75](#) Office Supplies and Devices

[N84](#) Clothing, Accessories and Insignia

[N91](#) Fuels, Lubricants, Oils and Waxes

[D](#) Information Processing and Related Telecom Services

[R](#) Professional, Administrative and Management Support Services

When searching the SOI:

- The fewer words used in the “Product/Service” block the better, i.e.; “Radio Equipment” will provide no matches but “Radio” will return Standing Offers for radio equipment;
- Do not use wild card symbols such as \* or %;
- If you are using a Standing Offer number for the search, you can get a list of all companies on the Standing Offer by dropping everything after the first forward slash i.e. EN869-055191/004/EW

### **Steps for the Procurement Authority and Contracting Authority in the DND Procurement and Contracting Decision Process**

a) Search the PSPC SOI site, following the directions on the site, to see if there is an existing PSPC SO or SA that will meet the requirement.

If there is one, go to Step (d); if not, go to Step (b).

b) If an SO or SA is not found and the requirement is **not** in the mandatory list on the SOI site, then purchase the good or service using an alternative method shown in [PAM 3.2.11](#), Figure 3.2-1.

If the requirement is in the mandatory list, go to the next step.

c) Contact the PSPC Help Desk at 1-866-664-6609 and ask to be transferred to the Contracting Officer for the commodity to confirm the existence of an SO or SA; and if PSPC confirms that an SO or SA:

- Does **not** exist, purchase the requirement using an alternative method shown in PAM 3.2.11, Figure 3.2-1;

OR

- Does exist, but you believe it does not satisfy the DND requirement (technical, delivery date, etc.); or the price is lower outside the SO or SA (this must be confirmed by the PSPC Contract Authority (CA)), the PSPC CA will provide an exemption to you to procure outside the SO or SA. On receipt of an exemption, proceed to purchase using an alternative method shown in PAM 3.2.11.

If there is a dispute over the exemption, the CA/PA must request a decision from the Standing Offer Arbitrator for the commodity.

d) **SA:** If the SA meets the requirement and you have the authority identified in PAM 3.3.4.2, prepare a Request for Proposal (RFP) using the process in PAM 3.3.4.3.

**SO:** For directions on how to use an SO, see PAM 3.3.1.

e) If the requirement will exceed the SA contract limitation, follow the process detailed in the SA , or the User Agreement, or the Service level agreement.

If none of these documents detail a process for requirements above the contract limitation, submit a 9200 requisition to PSPC (refer to PAM 3.3.11 for this process).

**Do not**, under any circumstances, split the requirement to stay under the contract limit in the SA.

f) You may use an acquisition card as a method of payment when the SA allows this process.

#### Notes:

1. If a mandatory SO/SA vendor does not accept the acquisition card and you would like this changed, contact the PSPC Help Desk and report this problem.
2. Purchase of goods or services, in response to Immediate Operational Requirements (IOR), will be exempt from the Mandatory SO/SA process, when:

- There is insufficient time to search for a SO/SA supplier;
- The known SO/SA suppliers cannot meet the delivery time required;
- Access to the PSPC SOI site or SO/SA suppliers is not possible during field operations.

In these circumstances the CA/PA may purchase outside the SO/SA without first seeking an exemption from PSPC. RC Managers will ensure the IOR exception is used only when it is truly necessary and that buys do not become IOR solely as a result of poor planning.

### 3.3.1 Call-up Against a Standing Offer (SO)

#### Warning:

The contracting authority for Public Services and Procurement Canada (PSPC) and Shared Services Canada (SSC) call-up against a standing offer has been delegated to specific positions within the Department.

This delegation is documented in the Delegation of Authorities for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF):

- The authority limits are listed by position in the Delegation Matrix Column 23 - Call-up Against Standing Offers

An individual must have delegated authority indicated in Column 23 of their Delegation of Authorities (DoA) form in order to approve a call-up against an SO, including the THS SO.

- PAM 3.3.1 elaborates on how to raise a 942 call-up against an existing Standing Offer Index (SOI)

#### 3.3.1.1 The SO and Call-ups

A standing offer is **not a contract** but an administrative means to provide for the supply of goods or services at prearranged prices with set terms and conditions, for specific periods of time on an "as requested" basis.

No obligation exists until a call-up order is placed with the supplier. Each call-up is a separate contract between the Crown and the supplier.

When a call-up is made against a standing offer, there are no negotiations. An acceptance by the Crown of the supplier's offer is unconditional.

#### 3.3.1.2 Types of SO

There are 5 types of SOs:

- **National Master Standing Offer (NMSO)** - for use by several authorized users identified in the NMSO for delivery throughout Canada.
- **Regional Master Standing Offer (RMSO)** - for use by several authorized users identified in the RMSO for delivery within a specific geographic area.



- **National Individual Standing Offer (NISO)** - for use by a specific authorized user identified in the NISO for delivery throughout Canada.
- **Regional Individual Standing Offer (RISO)** - for use by a specific authorized user identified in the RISO for delivery within a specified geographic area.
- **Departmental Individual Standing Offer (DISO)** - for use by PSPC only on behalf of one or more client(s) identified in the DISO.

**Note:** Some standing offers may include a catalogue containing the details of the items available on the standing offers, including specific terms and conditions and pricing information.

### 3.3.1.3 When to Use an SO Call-up

A call-up against an SO is used when:

- There is an SO in place which covers the goods, services or temporary help required
- The DND is an authorized user of the SO
- The CA has the delegated authority specified on their DoA form in [Delegation Matrix, Column 23](#)
- The requirement is within the scope of the SO

### 3.3.1.4 Raising a THS Call-up using the THS on-line system

The CA/PA responsibilities are to read the information and references provided in this section on THS and apply it in the procurement and contracting process

Temporary Help Services (THS) can be used when:

- a public servant is absent for a period of time
- there is a requirement for additional staff during a workload increase and there is an insufficient number of public servants available to meet the requirement
- to fill vacancies during staffing action

The SO portion of the THS On-line system is an RMSO for use within the National Capital Region. Within the NCR, THS **shall** be obtained using the [Temporary Help Services On-Line System](#).

For organizations outside the NCR, search the PSPC Standing Offer Index for SOs available in your region.

The THS On-Line System:

- is a tool to assist Federal Departments in their procurement of temporary help services
- includes several categories listed in “Classifications” under the [Table of Contents](#)
- includes a requirement for **training** prior to accessing the system
- includes a requirement for **reporting** once a contract is awarded

Contract Splitting is prohibited at all times, including when using the THS SO.

### 3.3.1.5 Shared Services Canada NMSO for printing products and scanners

The printing products NMSO provides access to:

- **Imaging hardware standing offer:** enables Government of Canada departments and agencies to purchase or lease a variety of connected and unconnected digital copying and printing equipment, both monochrome and colour
- **Consumables standing offer:** enables Government of Canada departments and agencies to purchase toners for their printing devices
- **Document scanner standing offer:** for the supply, delivery, installation and service of document scanners, including accessories and supplies on an "as and when requested" basis to locations throughout Canada, excluding comprehensive land claims areas

Call-ups must be prepared in accordance with the instructions provided on the SSC [printing products website](#).

### 3.3.1.6 Shared Services Canada Microcomputers National Master Standing Offers

**Note:** Federal Departments have received contracting authority direct with industry only for peripherals and components related to the commodities covered under these Standing Offers.

Peripherals and components can be purchased using call-ups sent directly to vendors by the CA using the microcomputer standing offer for orders **excluding**:

- All systems (desktops, notebooks, tablets and thin client computers)
- Docking stations/port replicators
- Monitors

Call-ups must be prepared in accordance with the instructions provided on the SSC [microcomputers procurement website](#).

### 3.3.1.7 Initiating a Call-up on an SO

Review the selected SO to ensure that:

- the CA is included as an Authorized user.
- the Call-up process is followed.
- only Authorized suppliers or standing offer holders are engaged.
- call-up is within the Standing Offer period.
- an acquisition card is used only when listed as an acceptable method of payment
- the services and/or goods required are listed as available on the standing offer.
- quantities required do not breach any limitations of either quantity or total value.
- the requirement falls within all other restrictions indicated within the standing offer.
- the requirement respects all call-up limitations.
- TBS/SCT 350 "security requirements check list" (SRCL) form is completed by the TA.
- ensures the company holds required clearance before awarding the contract.

**Note:** On some SOs, there is an option to procure goods or services not listed in the SO up to a specified limit or percentage.

Do **not** split the requirement to stay under the call-up limitation in the SO.

If special requirements are needed for a call-up, CA/PA notifies the PSPC or SSC Contracting Officer who would either amend the standing offer or take action, such as issuing a separate contract.

If the requirement exceeds the call-up limitation, submit a signed 9200 requisition to PSPC or SSC to request a contract ([PAM 3.3.11](#)).

### **3.3.1.8 Raising a 942 Call-up**

Refer to [PAM 4.2.2.2](#) - Call-up on a Standing Offer (SO)

### **3.3.1.9 Amending a 942 Call-up**

The TA identifies the additional work or material requirements.

The CA/PA:

- Reviews the proposed amendment;
- Amends the call-up before that additional work may be started or additional material delivered;
- Completes the 942 call-up amendment in the same manner as described in [PAM 3.3.1.5.3](#).

**Note:** The amendment must not cause the total value of the call-up to exceed the call-up limitation on the SO.

### **3.3.1.10 Recording a 942 Call-up**

The CA/PA:

- Records the call-up in the Defence Resource Management Information System (DRMIS) to commit the funds.

**Note:** This includes call-ups issued electronically through PSPC or SSC online systems.

- Keeps a running total of all call-ups and amendments raised to ensure that the total value of call-ups raised does not exceed the ceiling value of the standing offer when the CA/PA is the only authorized user of the SO.
- Keeps a copy of the 942 call-up on the DND contract file for audit purposes since once it is completed and approved it is a legally binding contract (refer to [PAM 3.4](#) and [PAM 5.0](#)).

### Annex 3.3.1.A Instructions to Complete the Form for a PWGSC 942 Call-up Against a Standing Offer

Call-Up Against a Standing Offer ([PWGSC 942](#)).

Block Description	Instruction
Ship to	Enter the complete consignee name and address.
Supplier	Enter the contractor's name and address from the standing offer.
Security	<p>Indicate security provisions by selecting <b>Yes</b> or <b>No</b>.</p> <p>If <b>Yes</b> entered, an SRCL needs to be completed and attached to the Call-up (refer to <a href="#">PAM 1.7</a>).</p> <p>If <b>No</b> is entered the SRCL is completed by the TA and handed to the CA who will keep it in the contract file.</p>
Invoices	<p>Indicate where the invoicing address is located by selecting the appropriate box.</p> <p><b>Note:</b> Acquisition cards may be used as a method of payment <b>only</b> when the SO terms and conditions include this practice.</p>
Financial Code(s)	<p>Enter the following financial information:</p> <ul style="list-style-type: none"> <li>• Commitment number;</li> <li>• Cost centre or WBS element (for a capital project);</li> <li>• Internal order (Optional);</li> <li>• Funds centre;</li> <li>• General ledger account; and</li> <li>• Fund.</li> </ul>
Standing Offer No.	Enter the standing offer number.
Requisition no.	Enter the requisition number as indicated.
Client Reference No. (Optional)	This field is optional and can be used to assign a unique identifier to each call-up.
Provincial Sales Tax/Licence number authority.	<p>Indicate provincial sales tax exemption:</p> <ul style="list-style-type: none"> <li>• <b>Exigible</b> – indicates non exempt, or</li> </ul>

Block Description	Instruction
	<ul style="list-style-type: none"> <li>• <b>Non-exigible</b> – indicates exempt.</li> </ul> <p>DND is <b>exempt</b> from paying any ad valorem sales tax levied by the province in which the taxable goods and/or services are delivered.</p> <p>To avoid being billed for this tax the appropriate exemption number must be included on the call-up:</p> <ul style="list-style-type: none"> <li>• Provincial Sales Tax Exemption Licence Numbers for the provinces of: <ul style="list-style-type: none"> <li>Prince Edward Island      OP-10000-250</li> <li>Manitoba                              390-516-0</li> </ul> </li> <li>• An Exemption Certificate, for Quebec, Saskatchewan, the Yukon Territory, and the Northwest Territories, which certifies that the property and/or services ordered/purchased hereby are for the use of, and are being purchased by, the federal government with Canada funds, and are therefore not subject to provincial/territorial sales and consumption taxes.</li> </ul>
Amendment No.	<p>For the original 942 call-up, enter ORIG.</p> <p>For an amendment to the original 942 call-up, enter the next sequential amendment number beginning with 1.</p> <p>Note that for amendments, the Requisition number and Financial Code(s) must be identical to those on the original 942 call-up.</p>
Previous Value	<b>For amendments only.</b> Enter the amount that was in the Tot. est. exp. block of the original 942 call-up.
Value of increase or decrease.	<b>For amendments only.</b> Enter the amount by which the amendment increases or decreases the original 942 call-up value.
Total estimated expenditure or revised total estimated expenditure.	Enter the total estimated expenditure.
Item No.	Enter the item number exactly as shown on the SO.
NATO Stock number/Item description.	Enter the NATO stock number or manufacturer's stock number or item

Block Description	Instruction
	<p>description.</p> <p>Also reference any attached annex such as:</p> <ul style="list-style-type: none"> <li>• Security Requirements Checklist (SRCL);</li> <li>• Statement of work (SOW);</li> <li>• List of deliverables;</li> <li>• Terms and conditions.</li> </ul>
U of I	Enter the unit of issue.
Qty	Enter the quantity in terms of the unit of measurement appearing on the agreement.
Unit Price	Enter the unit price.
GST or HST (%)	Enter the applicable GST or HST as a %.
GST or HST (\$)	Enter the dollar value of the applicable GST or HST.
Extended Price	Enter the extended price for all items (quantity multiplied by unit price).
Special Instructions	Enter any special instructions.
Total Price (before taxes)	Enter the total of extended prices.
GST/HST Amount	Enter the total GST or HST applicable on the extended price.
Total Extended Price	Enter the total price including taxes.
For further information call	Enter the name and phone number of the document originator.

Block Description	Instruction
Delivery required by	Enter the specific date on which the supplies or services are required, ensuring it is compatible with the agreement.
Certified pursuant to subsection 32 (1) of the Financial Administration Act  (Mandatory)	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person certifying that funds are available, and the date signed. The person signing this block must have delegated authority under the <a href="#">Delegation Matrix, Column 1</a>.</p> <p><b><u>This block will always be signed by either a DND Civilian Employee or a CAF Member.</u></b></p>
Approved for the Minister  (Mandatory)	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person approving. The person signing this block must have:</p> <ul style="list-style-type: none"> <li>delegated authority under the <a href="#">Delegation Matrix, Column 23</a> (for a SO and for a THS-SO contract), and</li> <li>approval signing authority as indicated in <a href="#">PAM 1.4.4</a>.</li> </ul> <p><u>This block will be signed by the appropriate contracting authority i.e. either by a DND CA (if the SO specifies a limit to which authorized SO users may sign) or by a PSPC CA.</u></p>

### 3.3.2 DND 626 Task Authorization

For information on how:

- To raise a DND 626 Task Authorization Form, refer to PAM 3.3.2 sections below.
- To request that PSPC establish a new Task Authorization Contract, refer to [PAM 3.3.11](#) and to PAM [Annex 3.3.11.H](#).

**Note:** There is no corresponding column in the Delegation of Authorities for Financial Administration Document for the DND 626 Task Authorization Form. Therefore this authority will not appear on an individual's Delegation of Authorities (DoA) form for the following reasons:

- The DND 626 Task Authorization Form is **not** a procurement instrument (PI) or a DND contract;
- The DND 626 Task Authorization Form is an administrative process which has been negotiated as part of an existing contract to allow "as-and-when-requested

work" to be performed by the contractor using the existing terms and conditions of the contract.

An **individual** has DND 626 Task Authorization authority for contracts to which they are assigned contract management responsibilities.

### 3.3.2.1 When to Use a DND 626 Task Authorization

Before using a DND 626 Task Authorization Form, there must be;

- A task authorization **contract** in place containing:
  - A statement of work (SOW) that broadly defines the work to be performed by the contractor under a DND 626 Task Authorization Form;
  - Terms and conditions;
  - Pre-negotiated labour categories and hourly rates or per diems, which will be used by the contractor to quote on the level of effort (LOE) for each DND 626 Task Authorization; and
- A written agreement between PSPC (the CA) and the PA containing:
  - The contract number;
  - A limit for each Task Authorization, up to which the DND PA may approve or amend the task without prior review by the CA/PSPC; and
  - Detail and Frequency of reporting.

The CA/PSPC will provide the agreement and the PA will accept the agreement via email, and print a copy for the procurement file.

The PA will notify the PSPC contracting officer if they will no longer be the PA for the specific contract so the agreement may be re-issued with the new PA.

**Note:** The use of task authorization contracts is subject to oversight by PSPC. Any PA who approves a DND 626 Task Authorization that does not follow the process outlined in this PAM section maybe subject to the following remedial or corrective measures as deemed appropriate by the PSPC Contracting Authority:

- Change the detail and/or frequency of the reporting information;
- Provide training to the PA responsible for issuing the DND 626 Task Authorizations, or to the contractor;
- Reduce any dollar limit that might have been placed on individual DND 626 Task Authorizations; and (or)
- Reduce, suspend or cancel the PA's delegated authority limit for DND 626 Task Authorization approval.

### 3.3.2.2 Preparing a DND 626 Task Authorization

#### a) Defining the task

The Technical Authority (TA):



- Defines the task in writing (task SOW), ensuring that it is within the scope of the Task Authorization Contract, and identifies an expected date for completion; and
- Submits the task SOW to the PA for action.

b) Reviewing the task SOW

The Procurement Authority:

- Reviews the task SOW to ensure that:
  - It is within the scope of the Task Authorization Contract; and
  - The completion date is on or before the expiry date of the Task Authorization Contract, unless otherwise specified in the Task Authorization Contract.
- Seeks advice from a Procurement Manager in the division or from the Contracting Authority, if in doubt.
- Takes one of the following actions if the task SOW is not within the scope of the Task Authorization Contract, and therefore the DND 626 Task Authorization Form cannot proceed as written under the existing contract:
  - Return the task SOW to the Technical Authority and request that it be rewritten to be within scope of the Task Authorization Contract;
  - Request the TA to amend the Task Authorization Contract SOW to increase the scope;
  - Prepare an amendment to the Task Authorization Contract and submit to PSPC. Note: the Task Authorization Contract amendment would have to be issued prior to processing the task SOW; OR
  - Use another procurement process to satisfy the requirement (see PAM 3.2.11).
- If the TA disputes the issue of scope, the PA must document their justification and raise the issue up the PA's chain of command for resolution.

c) Obtaining a level of effort (LOE) quote

When the task SOW is within the scope of the contract, the PA:

- Passes a copy of the task SOW to the contractor and requests a written quote for the LOE to complete the task;
- Reviews the LOE quote to ensure the contract per diem or hourly rates were used and that sufficient contract funding is available to complete the task;
- Reviews the LOE quote with the Technical Authority and obtains approval to continue with the DND 626 Task Authorization.

d) Raising the DND 626 Task Authorization Form

The DND 626 Task Authorization Form is the only form that may be used for this purpose.

It may be found in the [Defence Forms Catalogue](#) and is the same as the DND 626 purchase order printout from DRMIS.

The PA completes the DND 626 task authorization form.

e) Approving the DND 626 Task Authorization

The PA ensures that the DND 626 Task Authorization Form is approved by the appropriate signing authority:

- If the quote is within the DND approval/amendment threshold identified in the PSPC contract, the PA ensures that the DND 626 is approved by the signing authority listed in PAM [Table 1.4.D-1](#).
- If the quote exceeds the DND approval/amendment threshold identified in the PSPC contract, the PA forwards the DND 626 Task Authorization form and supporting documents, including the SOW, to the PSPC Contracting Authority for review, comments and approval.

When the PSPC Contracting Authority is satisfied with the task, he or she approves the DND 626 Task Authorization Form (in the block for PSPC) and returns the DND 626 Task Authorization Form to the Procurement Authority.

f) Issuing the DND 626 Task Authorization

The PA is responsible to forward the original signed DND 626 Task Authorization Form and supporting documentation to the contractor to authorize the work to begin on the task (only when the PA approves the DND 626 Task Authorization).

g) Recording the DND 626 Task Authorization

The PA must record the DND 626 Task Authorization in Defence Resource Management Information System (DRMIS) to commit the funds.

h) Filing the DND 626 Task Authorization

The PA is responsible to keep one copy of the Task Authorization in the DND contract file as it is an auditable document.

i) Distributing the DND 626 Task Authorization

The PA is responsible to send a copy of the DND 626 Task Authorization to:

- the PSPC contracting authority
- the Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)).

### **3.3.2.3 Amending the DND 626 Task Authorization**

When the TA or the contractor identifies additional work that was not identified in the original quote but is required to complete the task, the DND 626 Task Authorization must be amended before that work may be started.

The PA will:

- review the proposed amendment;
- follow the steps in [PAM 3.3.2.2](#) (b) and (c) to obtain the appropriate level of effort estimate associated with the proposed task amendment;
- complete the DND 626 Task Authorization Form amendment using the process in [PAM 3.3.2.2](#) (d) and (e).

#### **3.3.2.4 Mobile Repair Party (MRP)**

The process for Mobile Repair Party (MRP) is outlined in PAM 3.3.11.C (LogSOW).

There are two types of MRP:

- A scheduled Mobile Repair Party (MRP):

For a scheduled MRP, the PA must follow the DND 626 Task Authorization process outlined in [PAM 3.3.2.2](#).

- An unscheduled, Immediate Operational Requirement (IOR), extraordinary and exceptional Mobile Repair Party (MRP):

The unscheduled IOR MRP happens under exceptional and extraordinary circumstances (for example: pre-deployment preparations for an unexpected extended operational mission) and requires an immediate response from DND.

The process to action an unscheduled IOR MRP is as follows:

- The TA/PM is responsible to:
  - call the PA;
  - describe the work to be done;
  - request that the unscheduled IOR MRP process be used.
- The PA is responsible to:
  - Ensure that the instructions for unscheduled IOR MRPs are contained in the contract;
  - Refer to the “Procedures and Guidelines for Mobile Repair Parties Manned by Contractor Personnel” document (NDID C-02-005-011/AM-000).

**Note:** This document is available through the [DSCO website](#);

- Review the requirement to confirm that it is effectively an unscheduled IOR MRP;
- Approve the unscheduled IOR MRP;
- Confirm by e-mail to the TA/PM and the company that the requirement is approved.

**Note:** The PA’s e-mail is the written agreement that allows the work to proceed.

### 3.3.2.5 References

- [PSPC Supply Manual, paragraph 3.30 to 3.35.1.60](#)

### 3.3.3 Pre-Facilitated Contract (PFC) - For Goods Only

#### 3.3.3.1 When to Use a PFC?

The PA should use the PFC method if:

- The requirement is a bundle of goods which are similar or support the same equipment and have a known history of usage;
- The requirement will be recurrent over several years;
- A commitment may be made to order a certain quantity each year of the contract with optional amounts that may be exercised through a contract amendment.

The PFC is for goods only. For services, refer to the DND 626 process in PAM 3.3.2. PSPC is the CA that creates and establishes a PFC.

Once the PFC has been established, the PA is DND (as no contracting activity is required) for the PFC order forms for goods raised against the PFC.

#### 3.3.3.2 What is a PFC

A PFC is a multi-year legally binding contract that is used:

- For groups or “bundles” of goods or spares in any combination or category that makes sense, such as equipment systems, contractors or commodities;
- For direct delivery from industry to the client or to inventory;
- On an as-and-when-required basis or to replenish stock where an operational need exists.

PFCs:

- Involve a minimum order value;
- Involve a commitment in quantity (guaranteed minimum quantities and estimated maximum quantities), with specific delivery lead times depending on the urgency of the demands;
- Allow DND to enforce performance, as incentives and penalties are included in the contract;
- May provide for different rates and delivery dates to meet different priorities.

The objectives of the PFC are to:

- Improve support to operations and customers;
- Increase cost effectiveness;
- Reduce the cycle time in the procurement process;
- Significantly reduce inventory levels;
- Eliminate repetitive procurement;
- Plan versus react (proactive tool);

- Reduce workload;
- Improve relations with industry.

### 3.3.3.3 Creating a PFC

#### a) Defining the requirement

The TA:

- Identifies the requirement (bundle) in a List of Deliverables (LoD) and specifications;
- Analyzes the historical demand patterns and procurement history in order to identify the forecasted demands for all DND end-users over a multi-year period;
- Identifies that the requirement is eligible for a PFC;
- Provides the requirement to the PA.

#### b) Approving the funds

The RC Manager:

- Approves the funding for the requirement by completing the [Section 32/34](#) Form (if the RC Manager is not the PA);
- Forwards the form to the PA.

#### c) Reviewing the requirement

The PA:

- Reviews the requirement to ensure it is complete;
- Develops the procurement plan ([PAM 3.1](#));
- Validates the requirement for procurement (PAM 3.2);
- Confirms that the requirement meets the criteria for PFC eligibility (PAM 3.3.3.1).

#### d) Raising the requirement

The PA:

- Raises the 9200 Requisition ([PAM 3.3.11](#));
- Inserts a note in the 9200 Requisition to advise PSPC that this is a request to create a PFC.

#### e) Approving the requirement

The PA ensures that the requirement is approved in accordance with limitations shown in Table 1.4.B-1 for within the NCR and Annex 1.4.B Note B-1 for outside the NCR.

#### f) Recording the requirement

The PA ensures that the pre-commitment is recorded in the Defence Resource Management Information System (DRMIS), and cash phases the pre-commitment of funds if necessary.

## g) Filing the requirement

The PA keeps the original request, along with all the supporting documentation, in a DND procurement file for audit purposes.

## h) Issuing the requirement to the CA

The PA submits the requirement to the CA/PSPC (Hull).

## i) Hastening the CA

The PA hastens the CA until the requirement is contracted.

## j) Creating/issuing the PFC contract

The CA (PSPC):

- Reviews and validates the requirement;
- Prepares the evaluation criteria together with the TA and the PA;
- Competes the requirement on the Government Electronic Tendering Service (GETS);
- Awards the contract.

## k) Managing the PFC contract

The PA:

- Administers the individual PFC orders;
- Raises the PFC order forms (PAM 3.3.3.4);
- Processes the invoices;
- Closes the contract.

The CA manages the overall contract.

The TA confirms to the PA that the goods were received in accordance with the contract.

## l) Amending the requirement (PFC contract)

The TA :

- Identifies any additional requirements;
- Amends the original requirement (LoD and the specifications) before any additional goods are delivered;
- Sends the revised requirement to the PA.

The PA:

- Reviews the amended requirement;
- Prepares an amendment to the 9200 Requisition;
- Sends the amended requirement to the CA for action.

The CA:

- Reviews the amended requirement;
- Amends the contract accordingly.

### 3.3.3.4 Using a PFC

#### a) Defining the requirement

The TA:

- Identifies the requirement in a List of Deliverables (LoD);
- Submits the requirement to the PA for action;

#### b) Reviewing the requirement:

The PA:

- Ensures that he or she is an authorized user of the PFC;
- Ensures that the goods required are listed as available on the PFC. If the goods are not covered by the PFC, the PA must purchase them using an alternative method shown in [PAM 3.2.11](#);
- Ensures that the quantities required do not breach any PFC limitations of either quantity or total value;
- Ensures that the requirement falls within all other restrictions indicated within the PFC;
- Reviews the requirement to ensure it is complete;
- Seeks advice from a Procurement Manager in the division or from the PFC PSPC CA if in doubt about any of the above;
- If the requirement will exceed the mandatory quantity established in the contract, requests PSPC to amend the contract to increase the quantity by submitting a signed 9200 requisition amendment to PSPC ([PAM 3.3.3.3](#) (I));
- **Does not**, under any circumstances, split the requirement to stay under the mandatory quantity established in the PFC.

#### c) Raising the PFC Order Form

The PA:

- Raises a PFC Order Form following the process in PAM Annex 3.3.3.A to place the order;
- Ensures that the order form contains the same terms and conditions as the PFC;
- **Does not** negotiate, add or change any conditions found in the PFC, including price — performing such actions will invalidate the resulting PFC Order Form;
- Identifies the type of priority or shipping required.

**Note:** When a PFC Order Form is made against a PFC, there are no negotiations, and acceptance by the Crown of the supplier's offer is unconditional.

#### d) Issuing the PFC Order Form

The PA forwards the completed original PFC Order Form to the appropriate supplier address to authorize the supplier to begin work. Each PFC states where these order forms are to be forwarded.



e) Recording and filing the order form

The PA:

- Records the order form in DRMIS to commit the funds;
- Ensures that the total value of order forms and amendments raised does not exceed the ceiling value of the PFC (when the PA is the only authorized user of the PFC);
- Keeps a copy of the PFC Order Form in the DND contract file for audit purposes;

f) Amending the PFC Order Form

The TA identifies additional requirements before additional goods are delivered.

The PA:

- Reviews the proposed amendment;
- Completes the amendment. The amendment must not cause the total value of the order forms to exceed the limitation on the PFC.

### ANNEX 3.3.3.A Instructions to Complete the PFC Order Form

The form is available in the [Defence Forms Catalogue](#). Enter Form Number 2449 and click Search to download it.

Block Description	Instruction
To/À	Enter the vendor's name and address. This information is available on the front page of the PFC.
Vendor number N° du fournisseur	Enter the vendor code.
Vendor phone No. N° de tél. du fournisseur	Enter the vendor telephone number.
Vendor fax No. N° de téléc. du fournisseur	Enter the vendor fax number.
Originator Auteur	Enter the name of the originator of the PFC Order.
Contact	Enter the name of a DND contact person.
Telephone No. N° de telephone	Enter the phone number of the contact person.
Fax No. N° de téléc.	Enter the fax number of the contact person.
PFC Contract No. N° de contrat CPE	Enter the PFC contract number. This number is available on the front page of the original contract.
Amendment date & time Date et heure de la modification	For an original PFC Order form, enter ORIG. For an amendment, enter the next sequential amendment number beginning with 1, and the time.
Inc./dec. Aug./dim.	<b>For amendments only.</b> This block is used for an amendment that includes a funding increase or decrease relative to previous funding. Enter the amount (including taxes) by which the amendment increases or decreases the original requisition value.
Order No. N° de la commande	Enter the commitment number.
Previous value Valeur précédente	<b>For amendments only.</b> Enter the amount that was in the T. amt block of the original order form or in the previous amendment.
Revised value Valeur révisée	<b>For amendments only.</b> Enter the total expenditure which includes the previous amount plus or minus the amended amount and the relevant GST/HST.
Order date Date de la commande	Enter today's date.
Date required Demandé pour le	Enter the date that the items are required.
Item No.	Enter the item number exactly as shown in the PFC contract.

Block Description	Instruction
Article n°	
Description	Enter the item description exactly as shown in the PFC contract.
GSIN NIBS	Enter the goods serial identification number.
U of P U d'a	Enter the unit of purchase.
Quantity Quantité	Enter the quantity in the unit of measurement exactly as shown in the PFC contract.
Unit price Prix unitaire	Enter the unit price.
Extended price Prix calculé	Enter the extended prices for each item (quantity multiplied by unit price).
FOB FAB	Enter the FOB point as indicated in the PFC contract.
Terms of Payment Modalités de paiement	Enter the terms of payment as indicated in the PFC contract.
Amt (CAD) Mon.	Enter the total of the extended prices in CDN\$.
T. taxes (CAD)	Enter the total value of the applicable taxes in CDN\$.
T. amt (CAD) Mon. t.	Enter the total price including taxes in CDN\$.
To the supplier Au fournisseur	<p>Enter the following text, completing it with the appropriate PST exemption number described in the Note below:</p> <p><i>"Deliveries of the goods described above are to be supplied in accordance with the terms and conditions contained in the contract referenced above. GST/HST/PST are extra. The taxes must be shown separately on the invoice. GoC is PST exempted as per _____."</i></p> <p><b>Note:</b></p> <p>DND is exempt from paying any ad valorem sales tax levied by the province in which the taxable goods are delivered.</p> <p>To avoid being billed for this tax, the appropriate exemption number must be included on the PFC Order form:</p> <ul style="list-style-type: none"> <li>Provincial Sales Tax Exemption Licence Numbers for the provinces of: <ul style="list-style-type: none"> <li>Prince Edward Island      OP-10000-250</li> <li>Manitoba                              390-516-0</li> </ul> </li> <li>An Exemption Certificate, for Quebec, Saskatchewan, the Yukon Territory, and the Northwest Territories, which certifies that the property and/or services ordered/purchased hereby are for the use of, and are being purchased by, the federal government with</li> </ul>

Block Description	Instruction
	Canada funds, and are therefore not subject to provincial/territorial sales and consumption taxes.
Delivery address ( <i>unless specified differently above</i> ) Adresse de livraison ( <i>sauf indication contraire ci-haut</i> )	Enter the complete consignee name and address.
Invoicing address ( <i>Invoices – Original and two copies are to be made out and sent to</i> ) Adresse de facturation ( <i>Factures – Préparer et envoyer l'original et deux copies à</i> )	Enter the address where the invoices are to be sent.
Procurement Authority and date Autorité des achats et date	<b>This signature is required.</b> The PA shall enter their name, rank and designation and the date.

### 3.3.4 Supply Arrangement (SA)

#### Warning:

The authority to approve a contract against a Supply Arrangement (SA) has been delegated to specific positions within the Department.

This delegation is documented in **column 24** of the [Delegation of Authorities for Financial Administration for the Department of National Defence \(DND\) and the Canadian Armed Forces \(CAF\)](#).

Supply arrangements are non-binding agreements between PSPC and suppliers to provide a range of goods and, more commonly, services (including Temporary Help Services, THS) on an "as required" basis.

They are lists of qualified suppliers for certain services with a set of predetermined terms and conditions that will apply to subsequent contracts.

No obligation exists until the customer issues a contract to the supplier.

Each contract issued is considered to be a separate contract established between the Crown and the supplier.

Departments create their own contracts within the scope of the arrangement, and these contracts are signed on behalf of the minister of the department issuing the contract.

Under a supply arrangement, the supplier makes an offer in response to a department's Request for Proposal (RFP). The prearranged terms and conditions and general requirements of the supply arrangement apply. Only the specific departmental requirements and the price

must be agreed to (many supply arrangements include ceiling prices which allow the customer to negotiate prices downward).

Go to [PAM 3.3](#) for information on the following :

- mandatory commodity search headings and links to online standing offers and supply arrangements and PSPC commodity contact information
- steps for the Procurement Authority in the DND decision process

#### **3.3.4.1 When to Use a Supply Arrangement (SA)**

Supply Arrangements (SAs) are established for:

- A range of goods;
- several types of services;
- Temporary Help Services (THS).

An SA is used when:

- An existing contract vehicle will not satisfy the requirement;
- There is an SA in place which covers the services required;
- The CA/PA/DND is an authorized user of the SA; and
- The CA/PA :
  - Has delegated authority to use an SA, as specified in the [Delegation Matrix](#) (column 24);
  - Has all RFP and Contract documents approved by an individual with the required delegated authority to approve a contract against an SA, as specified in [Delegation Matrix](#) (column 24), prior to issuing them.

### 3.3.4.2 Contracting for THS using the THS on-line Supply Arrangement

The CA's/PA's responsibilities are to:

- Read the information and references provided in this section on THS;
- Apply the information and references provided in this section in the procurement and contracting process.

Temporary Help Services (THS) can be used when:

- a public servant is absent for a period of time;
- there is a requirement for additional staff during a workload increase and there is an insufficient number of public servants available to meet the requirement;
- used to fill vacancies during staffing action.

The THS On-line system has been established for use within the National Capital Region (NCR). Within the NCR, THS **shall** be obtained using the [Temporary Help Services \(THS\) On-Line System](#).

For organizations outside the NCR, search the PSPC Standing Offer Index for SAs available in your region.

The THS On-Line System:

- is a tool to assist Federal Departments in their procurement of temporary help services;
- includes several categories which are outlined in the "Classifications" under the Table of Contents (<http://www.tpsgc-pwgsc.gc.ca/app-acq/sat-ths/classifications-eng.html>);
- includes a requirement for training prior to accessing the system;
- includes a requirement for reporting once a contract is awarded.

Contract Splitting is prohibited at all times, including when using the THS SA.

Requests for access to the THS On-Line System and the mandatory training are to be directed to the DMPP 4, Contracting Policy Team ([http://admmat.mil.ca/dgmssc/dmpp/en/dmpp\\_4\\_procurement\\_policy\\_e.asp](http://admmat.mil.ca/dgmssc/dmpp/en/dmpp_4_procurement_policy_e.asp)).

### 3.3.4.3 Contracting for services under the Master Level User Agreement (MLUA)

A [Supplemental Guideline](#) is now available to provide additional support to the DND Procurement Practitioners utilizing the various Public Services and Procurement Canada (PSPC). Methods of Supply covered under the Master Level User Agreement (MLUA).

The Guideline is to be applied in conjunction with PAM guidance and in accordance with the Delegation of Authority for DND/CAF Financial Administration.

### 3.3.4.4 Preparing the Supply Arrangement Request for Proposal (RFP)

a) Defining the requirement

The Technical Authority (TA):

- Identifies the requirement in a statement of work (SOW);
- Provides an SRCL;
- Provides an evaluation plan; and
- Submits the requirement and evaluation plan to the CA/PA for action.

**Note:** When the SA contains a pre-established method for evaluating contractors, the evaluation plan will follow this method.

When the SA does **not** identify a method, the lowest cost technical compliant method will be used. For further information on selection methods, refer to [PAM 3.5.4](#).

b) Reviewing the requirement

The CA/PA is responsible for reviewing the:

- Requirement to ensure it is complete. (Refer to [PAM 3.2.7.3](#)); and
- Evaluation plan (Refer to [PAM 3.5](#)).

c) Reviewing the selected SA

When reviewing the SA the CA/PA should pay particular attention to:

- Authorized users
- User Guide (if one exists for the specific SA)
- Service Level Agreement (if one exists for the specific SA)
- Contracting limitations
- Contracting process
- Authorized suppliers
- Supply Arrangement period
- Method of payment: those who intend to use an acquisition card "Methods of payment" must verify this is an acceptable method of payment under the SA.

The CA/PA reviews the SA to ensure that the:

- Services required are listed as available on the SA;
- Estimated value does not exceed the contract limitation on the SA;
- Requirement falls within all other restrictions indicated within the SA.
- CA/PA is an authorized user of the SA.

If in doubt about any of the above, the CA/PA shall seek advice from a Procurement Manager in the division or from the PSPC SA administration officer.

d) Reviewing security requirements

- If the requirement includes provisions for security, form [TBS/SCT 350-103 "Security Requirements Check List"](#) must accompany each solicitation and be part of the contract.

- When special requirements, such as security, are needed for the requirement but are not specified in the SA, the CA/PA must notify the responsible PSPC contracting officer (whose name appears on the SA), prior to issuing an RFP. Since special requirements usually have an associated cost, the PSPC contracting officer may either amend the SA or take alternate action, such as issuing a separate contract.
- Before award of a contract with security requirements, the CA/PA is responsible to ensure the company holds the required clearance. The CA/PA can confirm this with the Canadian Industrial Security Directorate (CISD) of PSPC, through the security office.

e) Soliciting quotes

The CA/PA is responsible for:

- Following the Contracting Process detailed in the SA.
- Completing the [PWGSC 9200-11](#) supply arrangement solicitation for each vendor as defined in the SA and following instructions in PAM [Annex 3.3.4.A](#).
- Ensuring that all solicitation documents are reviewed and approved by the individual who will be approving the resulting contract, and who has:
  - delegated authority to approve a contract against an SA as specified in the [Delegation Matrix](#) (column 24), in [PAM 1.4](#) and on their signed Delegation of Authorities form.
  - delegated authority to use an SA as specified in the [Delegation Matrix](#) (column 24), in [PAM 1.4](#), and on their signed Delegation of Authorities form.
- Distributing the original 9200-11 to each vendor.

**Note :**

- The CA/PA may solicit bids only from suppliers listed in the supply arrangement, as per instructions in the SA;
- The terms and conditions used in the solicitation and subsequent contract must reflect those stipulated by the SA;
- The changes to terms and conditions must be consistent with the allowable variations stipulated in the SA;
- The requirements may **not** be split to stay under the contract limitation in the SA;
- The prices shown in the supply arrangement are the ceiling prices, and the contractor's proposed prices in response to the 9200-11 are expected to be lower.

### **3.3.4.5 Evaluating Proposals/Quotes and Awarding the Contract**

a) Receiving proposals/quotes

The CA/PA:

- Receives and date stamps each proposal and locks them in a secure cabinet;
- Opens the proposals or quotes received from the vendors, after the solicitation closing date/time, and assign a classification to the file. Submissions received after that time will be returned to the vendor unopened;
- Sends copies of the technical portion of all proposals to the TA for review;



- Will include the following instructions in a memo to the TA:
  - Storage instructions for the file during review, based on the classification of the file;
  - A reminder that all communication with the vendor on the proposal will be sent through the CA/PA;
  - Evaluation notes are not to be made on the vendor's proposal but on a separate work sheet and will be kept in the procurement file.

b) Evaluating the proposals

The TA:

- Completes the evaluation based on the published criteria in the supply arrangement and solicitation document;
- Sends a report back to the CA/PA, listing all compliant vendors and substantiation for vendors found not compliant.

The CA/PA:

- Reviews the financial portion of the proposal from all compliant vendors;
- Selects the winning vendor using the method identified in the SA. When the SA does not identify a method, the lowest cost technical compliant method will be used.

c) Awarding the contract to the winning vendor

The CA/PA:

- Creates a new 9200-11 with the winning vendor's proposal information and checks off the appropriate boxes on the form to create the contract document following the instructions in Annex 3.3.4.A.

**Note:**

The terms and conditions of a supply arrangement form part of the RFP and any resulting contract.

d) Approving and Issuing the Contract

The CA/PA is responsible to:

- Ensure that the contract is approved by an individual with:
  - delegated authority to **use** an SA, as specified in the [Delegation Matrix](#) (column 24), in [PAM 1.4](#) and on their signed Delegation of Authorities form;
  - delegated authority to **approve an RFP** against an SA, as specified in the [Delegation Matrix](#) (column 24), in [PAM 1.4](#) and on their signed Delegation of Authorities form.

- delegated contract authority to **approve a contract** against an SA, as specified in the [Delegation Matrix](#) (column 24), in PAM 1.4 and on their signed Delegation of Authorities form.
- delegated authority to procure THS through an SA as indicated in column 24 of their DoA form.
- Use the services of D Svcs C when the requirement is a contract for services in which:
  - The total potential value of the contract (including all option periods) is greater than the:
    - CA's/PA's delegated contracting authority;
    - The CA's/PA's Level 1 Advisor's delegated contracting authority;
  - The clearance of the contractor personnel resources do **not** exceed SECRET;
- Use the services of DG Proc Svcs/Des Proc 4 when the requirement is a contract for services in which:
  - The requirement is related to software development where intellectual property may be an issue
- Send the original 9200-11 to the vendor for signature and return.

e) This section intentionally left blank;

f) Distributing the contract

The CA/PA sends a copy of the contract against an SA for THS to DAIP.

g) This section intentionally left blank.

h) Filing the Contract

The CA/PA is responsible for keeping a copy of the contract and the proposal on file for audit purposes.

i) Notifying the unsuccessful vendors

- The CA/PA notifies the unsuccessful vendors by using a form letter.
- A copy of all proposals are kept as part of the procurement file (CITT determination PR2001-030 and PR2001-040).
- Unless the method of handling unsuccessful proposals is stipulated in the bidding instructions, bidders may require that their proposals be returned.

### 3.3.4.6 Amending the Contract

When it is necessary to amend the supply arrangement contract, a 9200-11 amendment form will be completed, following the instructions in Annex 3.3.4.A, and approved and issued as explained in PAM 3.3.4.3.

An amendment must:

- not exceed the financial amendment limitation specified in the SA;
- not exceed the limit of the CA's/PA's delegated authority to approve a contract against an SA (signed Delegation of Authorities form);
- not significantly change the original scope of work.

### Annex 3.3.4.A Instructions to Complete the 9200-11 Supply Arrangement Solicitation/Contract Form for Non-consulting Services

On the [9200-11 Supply Arrangement Solicitation/Contract Form](#), do the following:

Block Description	Instruction
Amend No	<b>Only for Amendments.</b>  Assign the next sequential number.
Increase/Decrease	<b>Only for Amendments.</b>  Identify the total increase or decrease (including taxes).
Previous Cost	<b>Only for Amendments.</b>  Identify the total previous contract cost (including taxes).
Total Estimate Cost	Enter the total cost (including taxes).  <b>Solicitation:</b> This block will contain the estimated cost when using the 9200-11 as a solicitation document.  <b>Contract:</b> It will contain the agreed vendor price when using the 9200-11 as the contract.
Accounting Office Code	Enter the CAD code for the invoice office.
Requisition number (see Note 1)	<b>Solicitation:</b> Enter the DND requisition number for each vendor solicitation when the 9200-11 is used as the solicitation document.

Block Description	Instruction
	<b>Contract:</b> Enter the DND contract number when the 9200-11 is used as the contract.
Date of Solicitation	Enter the date the solicitation will be issued to vendors or posted electronically for competition.
Request for Proposal/Contract/Amendment (boxes)	<p>Select <b>Request for Proposal</b> when the 9200-11 is used as the solicitation document.</p> <p>Select <b>Contract</b> when the 9200-11 is used as the contract document.</p> <p>Select <b>Amendment and Request for Proposal</b> when this is an amendment to the solicitation.</p> <p>Select <b>Amendment and Contract</b> when this is an amendment to the contract.</p>
Destination	Enter the location where the services will be provided.
Inspection Agency	Select the inspection agency.
Financial Code (see Note 1)	Enter the appropriate Financial Code.
Invoices	Enter the address where invoices are to be sent, or indicate if it is the same as the destination.
Direct inquiries to:	Enter the CA/PA name, phone and fax numbers or email address.
Security:	<p>Indicate if there is a requirement for an SRCL (by selecting Yes or No).</p> <p>If Yes entered, an SRCL needs to be completed and attached to the Call-up (refer to <a href="#">PAM 1.7</a>).</p> <p>If No is entered the SRCL is completed by the TA and handed to the CA who will keep it in the contract file.</p>
Clause 1	Enter <b>National Defence</b> .
Clause 2 (see Note 1)	Enter the supply arrangement number.
Item	Enter the item number corresponding to the SA.
Description	Enter a description of the requirement. Include references to

Block Description	Instruction
	related attachments such as the SOW, SRCL.
From (see Note 2)	Enter the date the service is to start.
To (see Note 2)	Enter the date the service is to be completed.
Consignee Code	Enter the CAD code for consignee office.
No of days (see Note 2)	Enter the number of days to complete the work.
Per Diem Rate	Enter the rate quoted in the contractor's proposal and accepted by DND.
GST/HST % (see Note 2)	
GST/HST total (see Note 2)	
Total (see Note 2)	
Solicitation Closes	<p>Enter the date and time when the solicitation will close.</p> <p>When selecting this date, the CA/PA must consider the complexity of the requirement, the date the work needs to begin to meet the DND requirement and the terms and conditions in the supply arrangement concerning the solicitation process.</p>
Destination	Enter the location where services are to be delivered.
Name and Address of Vendor	Enter the name and address of the vendor.
Name and title of person authorized to sign for Vendor	The vendor will sign here as part of the submission.
Sec 32 signature  <b>Solicitation:</b> not required  <b>Contract:</b> mandatory	<p>When releasing the 9200-11 as a contract:</p> <p>This will be the RC Manager or a position delegated Section 32 authority under the <a href="#">Delegation Matrix</a>, Column 1.</p> <p>This block will <b>always</b> be signed by either a DND Civilian Employee or a CAF Member.</p>
Approval Signature (mandatory)  <b>Solicitation:</b> not required	<p>When releasing the 9200-11 as a <b>contract</b>:</p> <p>The signing authority must have the delegated authority to <b>use</b> an SA as specified in the <a href="#">Delegation Matrix</a> (column 24) and in</p>

Block Description	Instruction
<b>Contract:</b> mandatory	<p><a href="#">PAM 1.4.</a></p> <p>and</p> <p>The signing authority must have the delegated authority to <b>authorize</b> a contract as specified in the <a href="#">Delegation Matrix</a> (column 24) and in <a href="#">PAM 1.4.</a></p> <p>or</p> <p>The signing authority must have the delegated authority to procure THS through an SA under the <a href="#">Delegation Matrix</a>, column 24.</p>
Your offer is accepted (box)	Select when using the 9200-11 as a contract in response to an RFQ.
You are requested (box)	Select when using the 9200-11 as a contract in response to an RFP.
Return the signed copy (box)	Select when sending the 9200-11 as a contract to the winning vendor.
Vendor accepts/acknowledges the contract	The vendor will sign here when accepting the contract terms and conditions and return the signed copy to the PA.

**Notes:**

1. All invoices, shipping bills and packing slips must include the numbers in areas indicated.
2. These blocks will change from an estimate when the 9200-11 is used as a solicitation to agreed contract values when the 9200-11 is used as a contract.

**3.3.5 Procurement through Cooperative Logistics (COLOG)**

This section elaborates on the following topics:

- PAM 3.3.5.2: Creation of a COLOG case by the PA/Director Services Contracting (D Svcs C);
- PAM 3.3.5.3: Use of a COLOG case by a Supply Manager.

**Warning:**

- The Procurement Authority (PA) for the approval of a requisition to PSPC for the creation of a COLOG case is D Svcs C.

- The Procurement Authority (PA) for the approval of a COLOG purchase requisition against an existing COLOG case is D Svcs C.

### 3.3.5.1 What is COLOG?

Co-operative Logistics Supply Support Arrangement (CLSSA), commonly referred to as COLOG in DND, (the two abbreviations are interchangeable), is a program within the United States Department of Defense (U.S. DoD) Supply System that allows the U.S. DoD to sell unclassified items, spare parts and minor assemblies to friendly foreign governments and agencies (NATO) when the items are in common use between the U.S. and the customer countries.

The process involves establishing specific Foreign Military Sales (FMS) cases with any of the three U.S. Armed Forces services (Army, Navy or Air Force) for a pre-arranged selection of items. FMS is a government-to-government arrangement between Canada and the U.S. "Case" is the term used instead of "contract" in the FMS process. Once established, these cases allow DND to procure items by submitting demands to the U.S. supply systems. DND restricts the use of COLOG to military items associated with weapon systems; this process is not normally used to procure common items such as cables or clothing.

In other words, the CLSSA/COLOG process is similar to a Standing Offer:

- The CA/PSPC (Washington) establishes the FMS agreements with the various U.S. services and arranges subsequent amendments;
- Once the agreement is established, the PA/D Svcs C manages the activities associated with the procurement of military equipment and spares through the COLOG arrangements with the U.S. DoD.

D Svcs C's activities include:

- Establishing the requirement for COLOG cases with the respective U.S. Armed Forces services;
  - the equity case known as the Foreign Military Sales Order (FMSO) 1;
  - the case used to place orders with the respective U.S. Military Departments (FMSO 2).

Refer to the US Security Assistance Management Manual C5.4.3.3 link for more details on these type of cases;

- Working with PSPC to establish the cases, using the 9200 Requisition Form;
- Managing the materiel and financial aspects of the cases;
- Managing all payments on the cases;
- Acting as the COLOG centre of expertise by providing advice and assistance to any DND staff requiring help with COLOG.

### 3.3.5.2 Creation of a COLOG Case by the PA/D Svcs C

In the following process, the PA is D Svcs C and the CA is PSPC.

a) Defining the requirement

The PA/D Svcs C ensures that COLOG FMS cases are established with the appropriate U.S. Armed Forces service on a continuous basis with no gaps in availability to use the COLOG process.

b) Approving the funds

The PA/D Svcs C obtains approval of the funding necessary to establish and maintain the COLOG process from the RC managers associated with the process users.

The RC Managers complete the [Section 32/34 Form for Procurement through COLOG](#).

c) Raising the requirement

The PA/D Svcs C determines the requirement for a new case or an amendment to an existing one to ensure continuous support. The requirement is identified using the process described in PAM 3.3.11- Procurement through PSPC.

d) Approving the requirement

The PA/D Svcs C ensures that the requirement is approved in accordance with the limitations shown in PAM [Table 1.4.B-1](#).

e) Recording the requirement

The PA/D Svcs C ensures that the pre-commitment is recorded in DRMIS, and cash phases the pre-commitment if required.

f) Filing the requirement

The PA/D Svcs C keeps the original 9200 Requisition, along with all supporting documentation, in a procurement file for audit purposes.

g) Issuing the requirement to the CA

The PA/D Svcs C submits the requirement to the CA/PSPC (Gatineau) with a copy to PSPC (Washington) using the 9200 Requisition Form ([PAM 3.3.11](#)).

h) Hastening the requirement

The PA/D Svcs C hastens the CA/PSPC when required, until the FMS case is established.

i) Issuing the contract

The CA/PSPC (Gatineau):

- Reviews and validates the requirement;
- Confirms U.S. Armed Forces eligibility;



- Forwards the requirement to PSPC (Washington).

#### The CA/PSPC (Washington):

- Acts as the liaison between the PA/D Svcs C and the U.S. Military Departments (MILDEPS) when establishing and amending the COLOG FMS cases.
- In accordance with the PSPC Supply Manual section 9.15.35 entitled “Processing of Documents,” PSPC Washington will:
  - prepare the Procurement Plan/Contract Planning and Advance Approval (CPAA).

Material to be obtained through FMS must be identified by U.S. national stock numbers whenever possible. The second group of digits (country designator) must be 00 or 01. The designation 21, which indicates the presence of a Canadian number, is not acceptable and its use will cause the demand to be rejected.

- review each requisition to ensure the adequacy and appropriateness of the information.
- prepare, if satisfactory, and submit an LOR to the applicable U.S. DoD organization.
- carry out, upon receipt of the LOA, a verification to determine whether the LOA corresponds to the LOR;
- request, if satisfactory, approval/concurrence as well as funding from the client department.

Following the acceptance of the LOA by PSPC (W), funds are transferred from the Canadian client to the USG via a Canadian account at the Federal Reserve Bank in New York.

The U.S. DoD will initiate no action until the transfer of funds has been completed.”

#### j) Managing the contract

##### The PA/D Svcs C:

- Establishes a commitment in DRMIS to cover the payment of the initial deposit (ID) on receipt of the LOA from PSPC along with the request for payment of the ID;
- Establishes further commitments throughout the life of the case, as required;
- Manages the contract ([PAM 5.0](#));
- Acts as the FMS centre of expertise by advising and assisting any DND staff requiring help with COLOG;
- Processes requests for procurement using DRMIS;
- Processes and resolves all materiel discrepancies;
- Provides monthly statistics on COLOG orders to the various comptrollers indicating what was shipped within the month (as FMS cases are FOB Plant)
- Processes payments and manages the payment process for all FMS cases;

- Manages materiel and financial aspects of COLOG FMS cases and COLOG orders.
- Where necessary, D Svcs C will launch Supply Discrepancy reports with the appropriate MILDEP.

k) Amending the requirement

The PA/D Svcs C:

- Identifies any additional requirements;
- Requests an amendment to the original requirement before any additional materiel is ordered;
- Sends the amended 9200 Requisition Form ([PAM 3.3.11](#)) to the CA/PSPC for action.

The CA/PSPC (Washington):

- Reviews the amended requirement;
- Amends the case accordingly.

### 3.3.5.3 Use of a COLOG Case by a Supply Manager (SM)

In the following process, the PA is D Svcs C and the CA is PSPC.

The SM may request procurement using COLOG for goods when the requirement is:

- An unclassified item;
- A spare part, a common repair part or a minor assembly;
- Available within the U.S. DoD supply system, including procurement through the U.S. DoD contractors.

a) Defining the requirement and approving the funds

The TA:

- Identifies the requirement;
- Provides the requirement to the SM.

The RC Manager:

- Provides annually, to the PA/D Svcs C, a pre-commitment of funds, using the [Section 32/34 Form for Procurement through COLOG](#), to be consumed by the SM through individual COLOG purchase requisitions sent to D Svcs C. These COLOG purchase requisitions are not signed but picked up in DRMIS by D Svcs C;
- Forwards the form to the PA/D Svcs C.

Or

The SM receives a recommended order buy (ROB) where the preferred supplier in DRMIS is COLOG.

b) Reviewing the requirement

The SM:

- Reviews the requirement to ensure that it is complete;
- Confirms that the requirement meets the criteria for COLOG eligibility.

c) Raising the requirement

The SM:

- Raises the requirement in DRMIS (purchase requisition);
- Raises offline requests for high priority request (HPR) requirements only.

If the Stock Code (SC) is not in DRMIS it is the SM's responsibility to contact their respective record control officer (RCO) to have the number built in prior to requesting the materiel through COLOG.

d) Approving the requirement

The SM:

- Ensures that within the originating organization, the requirement is approved at the appropriate levels (PAM 1.4);
- Does **not** approve the COLOG purchase requisition - The PA/D Svcs C will approve it.

e) Filing the requirement

The SM keeps the original request, along with all the supporting documentation, in a DND procurement file for audit purposes.

f) Issuing the requirement to PA/D Svcs C

The SM submits the following to the PA/D Svcs C Acquisition Office:

- The requirement (through DRMIS);
- Offline requests (for an HPR requirement only).

g) Hastening the requisition

The PA/D Svcs C is responsible for hastening the U.S. DoD supply system when required.

This will **not** be done by the TA or SM.

The SM is responsible for hastening the PA/D Svcs C until the requirement is received.

h) Issuing a demand in the U.S. supply system

The PA/D Svcs C:

- Reviews and validates the requirement;
- Confirms COLOG eligibility;
- Transforms the DRMIS request into a demand in the U.S. supply system;
- Ensures that the requisition is transmitted to the U.S. DoD.

i) Managing the contract

The PA/D Svcs C administers the individual COLOG purchase requisitions ([PAM 5.0](#)).

The TA confirms to the PA/D Svcs C that materiel was received in accordance with the contract.

The PA/D Svcs C:

- Acts the liaison between the SM and the U.S. systems for any COLOG-related issues or inquiries;
- Manages the FMS cases;
- Processes payments;
- Resolves all materiel discrepancy reporting to U.S. DoD;
- Closes the case;
- Acts as the DND FMS centre of expertise to advise and assist any DND staff requiring help with COLOG.

#### **3.3.5.4 References**

- [DG Proc Svcs/D Svcs C](#)
- [Security Assistance Management Manual \(SAMM\) C5.4.3.3](#)
- [MMI 1323, Procurement from the U.S. Armed Forces](#)
- [MGI 7-11](#)
- [PSPC Supply Manual Section 9.15](#)
- [PSPC Supply Manual Manual 9.20.20](#)

#### **3.3.6 In-house Manufacturing and Testing**

##### **3.3.6.1 DND In-house Manufacturing and Testing Facilities**

The following are DND-established facilities and their locations that should be considered as options for satisfying manufacturing and testing requirements (see PAM 3.1.1.1.4, Procurement Methods):

- 202 Workshop Depot (202 WD) - Montreal;
- Quality Engineering Test Establishment (QETE ) - Gatineau, Quebec;
- Aerospace Engineering Test Establishment (AETE) - Cold Lake, Alberta;
- Naval Engineering Test Establishment (NETE) - headquarters in Montreal with detachments in Halifax and Esquimalt.

##### **3.3.6.2 Responsibilities**

The PA's responsibilities are to:

- Provide financial coding;
- Ensure that funds required for the task are made available;
- Perform this function within the tasking process for each facility (links provided below) or through the use of Earmarked Funds (PAM 8.0) when a Supply Manager is carrying out the procurement on behalf of the PA.

### 3.3.6.3 Tasking Request and Contact Information

- 202 Workshop Depot
  - [Website](#)
  - [Guidance on tasking requests](#)
- QETE
  - [Website](#)
  - [QETE Facility and Testing - A-QA-001-012 AG-001](#): Chapter 3 details the tasking process.
- AETE
- [Website](#)
  - For more information on doing business with AETE, contact:  
[Aerospace Engineering Test Establishment](#)  
PO Box 6550 Stn Forces  
Cold Lake, Alberta  
T9M 2C6
- NETE
  - [Website](#)
  - NETE User Guide for Tasks details the tasking process.

### 3.3.7 Procurement through Defence Construction Canada (DCC)

Procurement Initiation Authority (PIA) is required to approve a DND 8 Contract Demand and has been delegated to specific positions within ADM(PA) and ADM(Mat) as per [PAM 1.4.3](#). An individual must have delegated authority to submit requirements to DCC indicated in column 14 of their approved DoA form in order to approve a DND 8 Contract Demand.

#### 3.3.7.1 When to Use DCC

The PA must use the services of Defence Construction Canada (DCC) to provide procurement services including contracting and contract administration/management for construction requirements valued greater than \$60K..

The PA may use services of either DCC or PSPC for construction requirements with an estimated value of \$60k or less.

All requirements being sent to PSPC must follow the process that is detailed in [PAM 3.3.11](#) Procurement Through PSPC.

#### 3.3.7.2 Prior to Raising the DND 8

##### 3.3.7.2.1 The Requirement

The PA must ensure the construction requirement has been approved as detailed in the [Project Approval Directive \(PAD\)](#), Annex A, part 2.

The PA is responsible to review:

- the requirement to ensure that it is well defined as detailed in PAM 3.2.8 Review the Requirement For Procurement;
- the content of the procurement plan, including the procurement strategy, as detailed in [PAM 3.1](#) Develop Procurement Plan

### **3.3.7.2.2 Security Requirements**

If security requirements have been identified by the TA, the PA is responsible to:

- ensure the TA completes a Security Requirements Check List (SRCL) in accordance with PAM 1.7.3.3 Security Requirements Checklist (SRCL);
- attach the completed SRCL to the DND 8 as Annex A.

### **3.3.7.3 Raising the DND 8**

The PA completes the DND 8 Contract Demand (Construction Engineering) form which is available through the "[Defence Forms Catalogue](#)" website. On the search page type "DND 8" in the Form Title field.

### **3.3.7.4 Approving the DND 8**

The PA must:

- ensure that a person with delegated FAA section 32 authority signs the printed DND 8 form;
- ensure that a person with delegated PIA for construction requirements to DCC signs the printed DND 8 form.

### **3.3.7.5 Actions following approval of the DND 8**

The PA must:

- record the financial information as a pre-commitment in DRMIS with appropriate cash phasing for requirements that extend over more than one FY.
- keep the original DND 8 form, along with all supporting documentation, in the procurement file.
- send the following documents, electronically if possible, to the DCC designated co-ordinator:
  - The description of the work and specifications or the SOW;
  - The SRCL if applicable;
  - Any related study, information, research, investigation and documents related to the requirement;

- The approved DND 8 (Contract Demand: Construction Engineering) form authorizing DCC to spend the money.
- Contact the assigned CA at DCC for a status of the requirement and hasten contracting action if required.

The CA (DCC):

Reviews the requirement;

- Prepares the evaluation criteria together with the TA and the PA;
- Competes the requirement using the Government Electronic Tendering Service (GETS), SELECT or existing procurement instruments;
- Evaluates, with the TA, the technical portion of the bid proposals received;
- Evaluates the financial portion of the bid proposals received;
- Awards the contract. DCC relies on private sector contractors and consultants to perform most of the work required by DND;
- Forwards a copy of the contract to the TA and the PA;
- Creates (in DRMIS) a commitment for each specific contract that is linked to the PA's pre-commitment.
- Manages the contract;
- Processes the invoices.

#### **3.3.7.6 DND 8 Amendment Process**

The TA:

- Identifies any additional work or material requirements;
- Amends the original requirement (description of the work and specifications or the SOW) before any additional work may be started or additional material delivered;
- Sends the revised requirement to the PA.

The PA:

- Reviews the amended requirement;
- Prepares an amended DND 8 (Contract Demand: Construction Engineering) form;
- Ensures that a person with delegated FAA section 32 authority signs the printed amended DND 8 form;
- Amends the pre-commitment in DRMIS or in a system that uploads to DRMIS to pre-commit the funds, cash phasing the money if required;
- Sends the amended requirement and DND form to the CA for action.

#### **3.3.7.7 References**

- [Defence Construction Canada \(DCC\)](#)
- [Project Approval Directive \(PAD\)](#), Annex A, part 2.

### **3.3.8 Procurement Through International Agreements**

As per [PAM 1.4.3.2.2.1](#) Specific Organization Mandatory Requirements Procurement Initiation Authority for purchases using FMS and the COLOG Supply Support Arrangement is restricted to Assistant Deputy Minister (Materiel) (ADM (Mat) / Director General Procurement Services (DG Proc Svcs) / Director Services Contracting (D Svcs C) 5-2

#### **3.3.8.1 Foreign Military Sales (FMS)**

Foreign Military Sales (FMS) is a program that the U.S. Department of Defence (DoD) uses to sell goods, services and training to foreign governments.

FMS cases are government-to-government sales. Each FMS case is a government-to-government agreement.

From a Canadian perspective, FMS is another source of procurement.

DND, PSPC-Hull and PSPC-Washington share responsibility for the administration and operation of FMS cases.

PSPC is the contracting authority (CA) for all DND FMS-related requirements.

There are 3 types of FMS cases:

- Defined Order/Firm Order case
- Blanket Open End (BOE)/Direct Requisitioning Procedure (DRP)
- COLOG (PAM 3.3.5).

##### **3.3.8.1.1 When to Use a Defined Order/Firm Order Case**

A defined order/firm order case is an FMS case that PSPC requests from the U.S. DoD for the acquisition of goods, training and services.

The defined order specifies and defines the goods and services required, delivery time, location, cost and any other information pertinent to the sale. The types of goods, services or training normally processed are:

- Primarily for end items, classified equipment and any items that the U.S. government wants to include in order to exercise control over the sale;
- For a major system, an initial range of spare parts, technical data packages, hardware;
- Ammunition, including Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD);
- Services, technical assistance and training;
- Class V modifications (Air Force);
- Repair services;
- Non-CLSSA/non-COLOG eligible items.

##### **3.3.8.1.2 When to Use a Blanket Open End/Direct Requisitioning Procedure**



A Blanket Open End (BOE)/Direct Requisitioning Procedure (DRP) is a case that PSPC requests from the U.S. DoD for the acquisition of goods, training and services.

The BOE/DRP is for a specific category of items or services that are contracted separately from a system purchase, usually with no definitive list of items or quantities. The case identifies a dollar ceiling against which orders may be placed. This type of case is similar to a standing offer in Canada.

A BOE/DRP is used when the requirement is for:

- Spares and repair parts;
- Publications;
- Support equipment items (special tools, test equipment, vehicles, construction equipment, materials handling equipment, etc.);
- Minor modifications or alterations performed at U.S. military installations;
- Technical assistance services;
- Training;
- Repairables;
- Goods, services or training that form part of the Canadian COLOG process.

#### **3.3.8.1.3 When to Use COLOG**

Co-operative Logistics Supply Support Arrangement (CLSSA), commonly referred to as COLOG in DND (the two abbreviations are interchangeable), is a program within the United States Department of Defense (U.S. DoD) Supply System that allows the U.S. DoD to sell unclassified items, spare parts and minor assemblies to friendly foreign governments and agencies (NATO) when the items are in common use between the U.S. and the customer countries.

The process involves establishing specific Foreign Military Sales (FMS) cases with any of the three U.S. Armed Forces services (Army, Navy or Air Force) for a pre-arranged selection of items. FMS is a government-to-government arrangement between Canada and the U.S. "Case" is the term used instead of "contract" in the FMS process. Once established, these cases allow DND to procure items by submitting demands to the U.S. supply system.

DND restricts the use of COLOG to military items associated with weapon systems; this process is not normally used to procure common items such as cables or clothing.

COLOG is to be used for goods when the requirement is:

- An unclassified item;
- A spare part, a common repair part or a minor assembly;
- Available within the U.S. DoD supply system, including procurement through the U.S. DoD contractors

#### **3.3.8.1.4 Processing an FMS Case**

ADM (Mat) / DG Proc Svcs / D Svcs C 5-2 PA is responsible to:

- Review the requirement for procurement as per PAM 3.2.
- Confirm that the requirement meets the criteria for FMS eligibility (MMI 1324, Annex B).

- Follow the process detailed in PAM 3.3.11 Procurement Through PSPC.
- For the solicitation process for an FMS case detailed in PAM 3.6.6 Foreign Military Sales.
- Follow the process detailed in [PAM 4.2.3.2](#) PSPC FMS and COLOG Contract Award.
- Manage the procurement in accordance with [PAM 5.0](#)

### **3.3.8.2 NSPA NATO Logistics Stock Exchange (NLSE)**

NATO Logistics Stock Exchange (NLSE) is a set of tools developed by the NATO Support and Procurement Agency (NSPA) to assist NATO Members, NATO Partners for Peace and suppliers in putting into practice cooperative logistics concepts for item acquisitions and management. These tools allow subscriber nations to arrange for the exchange of materiel (excess spare parts) on commonly held stocks. DND restricts the use of NLSE for military items associated with weapons-related systems.

The following NATO countries subscribe to NLSE (\* denotes Partner for Peace country): Austria\*, Belgium, Canada, Denmark, Finland\*, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania (observer status), Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden\*, Turkey, UK, Ukraine\*, USA.

As a member of the NATO Support and Procurement Organization (NSPO), Common Item Material Management (COMMIT) Support Partnership, D Svcs C is the Program Manager for NLSE-related acquisition requirements in DND. These activities include:

- Executing all buying transactions;
- Managing the materiel and financial process of transactions;
- Making necessary payments for all transactions, using client funds; and
- Ensuring that excess funds are withdrawn from the NSPA account.

NATO/NLSE International Agreement(s) are considered directed procurements and as such a non-competitive contracting process applies, as well as Government Contracts Regulations (GCRs) Section 6.

For further guidance on the NLSE International Agreements contact Director Services Contracting 2-2.

#### **3.3.8.2.1 Selling Materiel via NLSE**

When the sale of surplus DND/CAF materiel is determined to be a cost-effective disposal method, Public Services and Procurement Canada (GCSurplus) is the mandated sales agent as per the Surplus Crown Assets Act. GCSurplus is therefore the only party authorized to list items for sale on the NLSE. Requests to sell surplus materiel via the NLSE must be coordinated through DGMSSC/DSCO 7. Contact DSCO 7 for further guidance on this process.

#### **3.3.8.2.2 Requesting Other Participants to Sell Items from Their Inventory**

DND uses the [NLSE](#) database to:

- Respond to requests received from another NLSE subscriber to sell spares or other items from the DND inventory to the subscriber: DND agreed to upload the inventory database to the NLSE database, thus making its inventory available to other NLSE subscribers. The decision to sell an item remains with DND. Inquiries regarding sale of surplus materiel through NLSE may be sent to [+DGMSSC DSCO@ADM\(Mat\) DSCO@Ottawa-Hull](mailto:+DGMSSC DSCO@ADM(Mat) DSCO@Ottawa-Hull).
- Procure items from the inventory of other NLSE subscribers: DND may similarly review items provided by another NLSE subscriber through the NLSE database and decide to make an offer to procure an item from the NLSE subscriber.

### 3.3.8.3 References

- D Svcs C
- FMS Canadian Foreign Military Sales Handbook
- [MMI 1323 - Procurement from the U.S. Armed Forces](#)
- [MMI 1324 - Procurement from the U.S. Armed Forces other than through Cooperative Logistics \(COLOG\)](#)

### 3.3.9 Low Dollar Value Procurement (below \$25K)

#### Warning:

An individual must have the applicable delegated contracting authority indicated on their signed DoA form in order to sign/approve a contract.

This section provides details on the following:

- 3.3.9.1 Low Dollar Value (LDV) Requirements
- 3.3.9.2 When to use the LDV Method of Supply
- 3.3.9.3 Determining the Contracting Authority for Low Dollar Value Procurement
- 3.3.9.4 LDV Contracting Policy and Principals
- 3.3.9.5 Review the Requirement
- 3.3.9.6 Develop the Bid Solicitation Package
- 3.3.9.7 Solicitation Process
- 3.3.9.8 Evaluation Process
- 3.3.9.9 Award the Contract - contents have been moved to [PAM 4.2 Contract Award](#)
- 3.3.9.10 Report the Contract – contents have been moved to [PAM 4.3 Mandatory Contract Reporting](#)
- 3.3.9.11 Manage the Contract
- 3.3.9.12 Reconcile and Close the Contract
- 3.3.9.13 References

#### 3.3.9.1 Low Dollar Value (LDV) Requirements

Requirements below \$25,000 (including **all** options, applicable taxes, duties, transportation fees, custom fees, etc.) are considered to be low dollar value (LDV) procurements.

CA must:

- **not** split or **artificially** divide requirements to stay within the LDV threshold. Refer to [PAM 1.8.1, Contract splitting](#)
- determine the **most appropriate procurement strategy** for each LDV requirement in order to obtain best value and ensure the timeliness and cost effectiveness of each contract
- use the **most efficient and cost effective** approach to select a contractor, either by soliciting bids or by directing the requirement to a sole supplier when it is not cost effective to solicit bids.

### 3.3.9.2 When to use the LDV method of supply

The CA must use the LDV method of supply when the required goods or services:

- Are **not** included in the commodity categories for the mandatory use of standing offers (refer to [PAM 3.3. Develop Procurement and Contracting Documents](#));
- **Cannot** be satisfied by an existing Standing Offer ([PAM 3.3.1 The PSPC Call-up Against a Standing Offer \(SO\)](#));
- **Cannot** be satisfied by an existing Supply Arrangement ([PAM 3.3.4 Contract Against a Supply Arrangement \(SA\)](#));
- Are **not** part of an existing contract (i.e. options).

### 3.3.9.3 Determining Contracting Authority for Low Dollar Value Procurement

Contracting Authorities are delegated to positions as detailed in the [Delegation of Authorities for Financial Administration for the Department of National Defence \(DND\) and the Canadian Armed Forces \(CAF\)](#).

Incumbents of positions must have a signed Delegation of Authorities (DoA) Form prior to exercising any procurement or contracting authorities.

An individual must have the appropriate delegated contracting authority indicated on their DoA form in order to sign/approve an LDV contract direct with trade (DWT).

For procurement of **goods** you must have authority listed in one of the following columns, as appropriate to the requirement:

- 15 – Goods - General.
- 16 – Specific Goods and Services

For procurement of **services** you must have authority listed in one of the following columns, as appropriate to the requirement:

- 16 – Specific Goods and Services
- 17 – Services (Competitive) – General
- 18 – Services (Non-Competitive) – General
- 19 – Services- Electronic Bidding (GETS)

- 20 – Services (Competitive) – Former Public Servants
- 21 – Services (Non-Competitive) – Former Public Servants

### **3.3.9.4 LDV Contracting Policy and Principles**

The contracting authority (CA) must be guided by and understand contracting principles to avoid making incorrect decisions or committing errors that may result in disciplinary procedures and even criminal charges.

It is imperative that the CA brings contracting experience to the process and assists in getting the clients what they need. Following the initial contact, the CA must help the clients define their requirement.

Once the requirement is clearly defined, the CA initiates, prepares and manages a contract process for the purchase.

In order to be successful at their job, the CA must understand the rules and regulations of buying. Departmental policy and procedures for contracting (e.g. [Defence Administrative Orders and Directives \(DAOD\)](#), Procurement Administration Manual (PAM), [Departmental Financial Delegations](#), and so on are based on, and comply with, applicable legislation (e.g. Financial Administration Act, Federal Accountability Act, Government Contract Regulations, PWGSC Act) and Treasury Board Policy.

Before taking procurement action to satisfy a requirement, the CA must:

- Obtain auditable records of Expenditure Initiation Authority and FAA section 32 from the appropriate RC manager(Refer to CDAO SOP 1.09 Procure to Payment)
- Confirm that you have the required contracting authority indicated on your signed Delegation of Authorities form;
- Ensure it is within the mandate of the requesting organization to purchase the item being requested.

### **3.3.9.5 Review the Requirement**

The CA is responsible to:

- Confirm that the requirement was sent to the right organization ([PAM 3.2.3](#) The Right Organization);
- Ensure that information supporting the requirement is complete ([PAM 3.2](#), Review the Requirement for Procurement);
- Ensure that the requirement is thoroughly described ([PAM 3.2.2](#), The Requirement):
  - in a list of deliverables (LoD) (for goods), or
  - in a clear and simple Statement of Work (SOW) with a list of deliverables (for services);

- Address the restrictions on the purchase of controlled goods and Hazardous materials (refer to the [CTAT website](#) and to [PAM 3.2.9](#), Controlled Goods / Controlled Technology Access and Transfer (CTAT));
- The procurement of the following materiel is restricted and must be approved by the applicable Equipment Program Manager (EPM) at NDHQ:
  1. Any type of ammunition
  2. Firearms, Weapons, Missiles
  3. Items containing radioactive materiel
  4. Major equipment as defined in procedures for major equipment (see note)
  5. Radar equipment
  6. Nuclear, biological or chemical equipment
  7. Clothing including footwear and equipment that would normally be nationally procured IAW DND specifications and requirements
  8. Nationally managed telecommunications, satellite, radio, antennas, cryptographic and tempest equipment
  9. Fire Apparatus
  10. Product containing Mercury
  11. CTAT or ITAR controlled Items
- Ensure that the SOW is complete and contractible ([PAM 3.2.7](#), Statement of Work Review) for a service contract.

**Note:** Service contracts with individuals must avoid establishing an employer-employee relationship ([PAM 1.8.3](#) Employer/Employee Relationship). Such contracts should:

- have fixed deliverables;
- not involve day-to-day direction or general terms of employment.

If a firm consists of an individual who has incorporated, any contract with this firm should be considered as a contract for the services of an individual, not as a contract with a firm.

The "[Contracting with an Individual](#)" form provides a series of questions, the answers to which provide a determination as to whether a potential exists for an employer-employee relationship.

The "[Statement of Former Status in Federal Government](#)" form must be used in contracting situations involving the services of former government officials and members of the CAF.

- Ensure that the quality assurance has been addressed and is included in the contract ([PAM 3.2.11](#), Quality Assurance);
- Ensure an SRCL is completed and [PAM 3.2.8](#) Security Requirements Checklist (SRCL));
- Ensure the SOW/LoD does not include a Limitation of Liability (LoL).

**Note:** Only PSPC and TBS can limit the liability. Therefore, the PA must submit their requirement to PSPC when liability must be limited.

- Comply with the following procedure if the requirement will be sole sourced ([PAM 3.1.1.1](#).3.2, Exceptions to Competition (Sole Source)):
  - Draft a memo outlining the sole source justification and rationale based on [TB Contracting Policy](#) article 10.2.1;
    - Obtain SH's (at the minimum) approval;
    - Record the signed memo in the contract file.

### **3.3.9.6 Develop the Bid Solicitation Package**

This Section provides details on the following:

- 3.3.9.6.1 Type 1 and Type 2 Requirements defined for Goods and Services
- 3.3.9.6.2 Solicitation Package for Type 1 Goods and Services
- 3.3.9.6.3 Solicitation Package for Type 2 Goods and Services

#### **3.3.9.6.1 Type 1 and Type 2 Requirements for Goods and Services Defined**

Determine if your requirement is a Type 1 or a Type 2 goods or services. The determination will be done by assessing which of the following most apply to your requirement:

- a Type 1 requirement is defined as follows:
  - simple, plain, basic, primary, elementary type of requirement
  - commercial-off-the-shelf or military-off-the-shelf requirement
  - low degree of detail is required;
  - nil or limited supporting documentation is necessary to define the requirement
  - no security issue
  - item is catalogued (goods)
  - requirement is a standard service (e.g. transportation)
  - bid evaluation method: lowest cost technically compliant bid
  - the terms and conditions of the GC Purchase Order GC111 template are sufficient
  - Valued less than \$10k
  -
- a Type 2 requirement is defined as follows:
  - custom requirement;
  - higher degree of detail is required;
  - supporting documentation is necessary to define the requirement (such as RDV);
  - bid evaluation method: may deviate from the lowest cost technically compliant bid;
  - additional terms and conditions are required in the contract template;
  - one or several of the following topics apply: intellectual property, aboriginal agreements, drawings, security.

**Note:** It is suggested that the CA contacts their Procurement/Contracting Specialist for help in determining the level of complexity of the requirement.

### **3.3.9.6.1.2 Solicitation Package for Type 1 Goods and Services Requirements**

The acceptable methods of obtaining quotes for a Type 1 Requirement are:

- Written quote (keep a copy of the fax, e-mail, etc in the file);
- Telephone quote (document quote details in the file);
- Vendor catalogue and/or internet price (document details in the file).

The bid solicitation package will consist of:

- the written account of the telephone conversation or the email/fax cover sheet and
- a List of Deliverables (LoD) for goods or
- a simple SOW for standard services.

The CA is responsible to:

- prepare the bid solicitation package
- ensure that the communication method is acceptable for the security level of the requirement (e-mail, fax, regular mail).

### **3.3.9.6.1.3 Solicitation Package for Type 2 Goods and Services**

For a Type 2 requirement, the quote must be in writing and provide enough detail to confirm that it is satisfying the requirement outlined in the RFQ.

The bid solicitation package will consist of:

- Bid solicitation cover page
- [Part 1, bid instructions and its Appendix A \(DND Standard Instructions\)](#)
- [Part 2, resulting contract clauses](#)
- List of Deliverables (LoD) for Goods or an SOW for Services, as applicable
- SRCL,
- Drawing, technical specifications and others if required
- CDRL, DID, if applicable
- Plans, designs, specifications and drawings provided by the department and/ or third party Architectural and Engineering firms, if applicable
- Bid Evaluation
- Contractor Selection Methodology

The CA is responsible to:

- complete the Low Dollar Value Bid Solicitation and Resulting Contract Template by following instructions in [ANNEX 3.3.9.A](#).
- ensure the method of sending the quotes (e-mail, fax, regular mail) is appropriate for the security level of the requirement.



### 3.3.9.7 Solicitation Process

A Request for Quote (RFQ) is used in a competitive process to solicit quotations for price and delivery from suppliers for the identified good or simple service.

The department is committed to respect and apply TBS' contracting policy statement which states that government contracting shall be conducted in a manner that will:

- Stand the test of public scrutiny in matters of prudence and probity;
- Facilitate access;
- Encourage competition, and
- Reflect fairness in the spending of public funds.

Competition is the norm. Therefore, **as often as possible**, the CA must request quotes.

The **suggested minimum** number of quotes required for LDV procurement:

- Less than or equal to \$1000.00 - one quote;
- Greater than \$1,000.00 and less than or equal to \$2,500.00 - two quotes;
- Greater than \$2,500.00 and less than or equal to \$25,000.00 – minimum three quotes.

When using a list of suppliers (source list) to seek quotes, all bidders must receive equal opportunity to quote on a **rotational basis**. Therefore, ensure that the list is updated on a regular basis to add new suppliers.

Splitting the requirement to remain within delegated contracting authority is prohibited and may also be illegal, depending upon the policy being circumvented. Refer to [PAM 1.8.1](#) Contract Splitting.

#### Bilingualism:

The Official Languages Act and related policies and directives are to be observed in the contracting process whatever the value of the requirement.

The CA must:

- refer to the [Official Languages Act \(LOA\)](#), [part IV, paragraph 22](#) to determine if the office is bilingual or unilingual;
- refer to and apply the [TBS Official Languages policy](#) accordingly:
  - [TBS Contracting Policy](#), Chapter 8, paragraph 8.5, Official Languages
  - [TBS Contracting Policy](#), Appendix F, Official Languages
- consult the [PSPC Supply Manual, chapter 4, paragraph 4.20: Official Languages Obligations in Procurement](#) for additional information on the subject.

#### Solicitation period:

The standard solicitation period is suggested to be between 5 business days (minimum) to 15 business days (maximum).

The solicitation period is subject to operational requirements and will vary depending on:

- the type of commodity;
- the complexity of the requirement.

### **Receipt of quotes:**

There is no centralized departmental quote receiving unit. The suppliers will send the quotes directly to the CA.

Suppliers may forward the quotes using one of the following methods:

- e-mail;
- fax;
- regular mail (Canada Post).

The quote package submitted by the supplier must include:

- quote
- bid solicitation cover page signed by the supplier (for a Type 2 Requirement only)
- technical documentation, if required.

### **Process:**

The CA is responsible to:

- forward the bid solicitation package to the vendors
- request an e-mail from the vendors indicating when their quote has been forwarded to the CA via regular mail (Canada Post);
- receive the quotes.
- acknowledge receipt of the quotes by e-mail to the contractor;
- ensure appropriately secured storage for the quotes (if necessary).

The contract file, including the quotes, are to be stored as per PAM 1.7 Security in the Procurement and Contracting Process.

#### **3.3.9.8 Evaluation Process**

The CA is responsible to:

- Ensure that the TA evaluates all quotes received against the requirement and any evaluation criteria that were provided in the RFQ, except for the financial evaluation (refer to [PAM 4.1.2](#) Roles and Responsibilities in the Bid Evaluation Process when the DND PA is the CA);
- document the reason in the file if a quote is deemed to be technically non-compliant;
- evaluate all quotes acceptable by the TA to determine the winning bid;

- notify the unsuccessful bidders (letters to unsuccessful bidder -[sample 1](#), [sample 2](#), [sample 3](#), [sample 4](#)).

### 3.3.9.9 Award the Contract

Refer to [PAM 4.2.2 DND Contract Award](#)

### 3.3.9.10 Report the Contract

Refer to [PAM 4.3 Mandatory Contract Reporting](#)

### 3.3.9.11 Manage the Contract

Refer to [PAM 5.0 Control Procurement](#)

### 3.3.9.12 Reconcile and Close the Contract

Refer to [PAM 6.0 Close Procurement](#)

### 3.3.9.13 References

[Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#)

## Annex 3.3.9.A Type 2 Goods and Services- Instructions to Complete Low Dollar Value Bid Solicitation and Resulting Contract Template (Simple)

1. Complete the [Bid solicitation cover page](#)
2. Complete the [Low Dollar Value Bid Solicitation and Resulting Contract Template \(Simple\) \(English only\)](#) using the instructions in the template in addition to the following instructions:

Paragraph	Title	Modification
1.3	Standard Instructions, Clauses and Conditions	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• not delete paragraph 1 and 2 as these paragraphs remain in the body of the resulting bid solicitation document. No changes can be made to this section of the bid solicitation.</li> <li>• For paragraph 3, modifications will be done as follows, depending if the process is competitive or non-competitive:</li> <li>• <b>For competitive Requirements:</b> <ul style="list-style-type: none"> <li>○ Modify text to read as follows:</li> </ul> </li> </ul> <p>The 2003 _____ (insert date) Standard Instructions -- Goods and Services - Competitive Requirements, are incorporated by reference into and form part of the bid solicitation, with the following modifications:</p> <p>Include the following modification when RFP is issued using traditional competitive (i.e. not via GETS).</p> <p>a) Section 05, Submission of Bids - Subsection 3 is deleted.</p>

		<p>Include the following modification when requiring bids to remain valid for more than 60 days. Insert the number of days the bid is to remain valid.</p> <p>b) Section 05, Submission of Bids - Subsection 4 is amended as follows:</p> <p>Delete: sixty (60) days Insert: _____ days</p> <p>c) Section 20, Further Information, paragraph 2 is deleted in its entirety.</p> <ul style="list-style-type: none"> <li>• <b>For non-competitive Requirements:</b> <ul style="list-style-type: none"> <li>○ Choose the second option for paragraph 3 and enter the date of the current version of the Standard instructions.</li> </ul> </li> </ul>
1.5.2.2	Federal Contractors Program for Employment Equity - Bid Certification	DND is subject to FCP and the 2 paragraphs of the PSPC template in this section must be included.
1.10	Office of the Procurement Ombudsman	<p><b>The CA must add the following clause in its entirety:</b></p> <p>The Office of the Procurement Ombudsman (OPO) was established by the Government of Canada to provide an independent avenue for Canadian bidders to raise complaints regarding the award of contracts under \$25,300 for goods and under \$101,100 for services. Should you have any issues or concerns regarding the award of a federal contract below these dollar amounts, contact OPO by e-mail at <a href="mailto:boa.opo@boa.opo.gc.ca">boa.opo@boa.opo.gc.ca</a>, by telephone at 1-866-734-5169 or by web at <a href="http://www.opo-boa.gc.ca">www.opo-boa.gc.ca</a>. For more information about OPO, including the available services please visit the OPO website.</p>
2.1	Security Requirement	<p>An SRCL must be completed by the TA for each requirement.</p> <p>If there is a security requirement associated with the contract, <b>the CA must:</b></p> <ul style="list-style-type: none"> <li>• complete an SRCL, with the input from the Technical Authority (TA);</li> <li>• consult <a href="#">PAM 1.7.3.3</a> for instructions to complete an SRCL and to know the approval process.</li> </ul> <p>If there is not security requirement, the CA must choose the second option from the PSPC template and will keep the SRCL completed by the TA in the contract file.</p>
2.10	Priority of documents	<p>The CA must:</p> <ul style="list-style-type: none"> <li>• remove from the list all the documents which do not form part of the contract;</li> <li>• Insert 'Access to DND Computer Systems' as an Annex in all service contracts where the contractor must have access in order to carry out the work set out in the Statement of Work (included as an Annex in this document)</li> <li>• Insert 'Access and Non-Disclosure Agreement' as an Appendix to the above annex when it is included. (do not fill in blanks at the time of RFQ)</li> <li>• confirm the references to Annexes and Appendices.</li> <li>• Insert the applicable date in paragraph 2.10 (b) by referring to the <a href="#">SACC manual</a> to verify the latest General Conditions revision date and insert the most recent active date;</li> <li>• not fill in the blanks in paragraph 10 (g) during the bid solicitation process. This information must be completed once bid proposals are</li> </ul>

		received from the Supplier and the resulting contract is raised.
2.11	SACC Manual Clauses	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• Include these two (2) mandatory SACC clauses in all goods contracts issued by DND by <b>REFERENCE number ONLY</b> <ul style="list-style-type: none"> <li>○ A9006C (Date of active clause)</li> <li>○ B7500C (Date of active clause)</li> </ul> </li> <li>• Include one of the two insurance clauses by <b>REFERENCE number ONLY</b> as may be applicable as all contracts <b>MUST</b> contain one. <ul style="list-style-type: none"> <li>○ G1005C (Date of active clause)</li> <li>○ G1001C (Date of active clause)</li> </ul> </li> <li>• Include one of the following shipping clauses for all goods contracts that will be shipped to the Depot: <ul style="list-style-type: none"> <li>○ D6009C - Shipping Instructions - Delivery and Destination Schedules Unknown Use the following clause when the destination and delivery schedules are unknown at the time of contract award.</li> <li>○ D0035C - Shipping Instructions (Department of National Defence) - Foreign-based Contractors Use the following clause when the Contractor is located outside of Canada and the Department is responsible for shipping: <ul style="list-style-type: none"> <li>▪ sole source contracts for goods,</li> <li>▪ all repair and overhaul contracts where transportation was not part of the competitive bid,</li> <li>▪ contracts for United States Foreign Military Sales.</li> </ul> Use this clause in conjunction with: <ul style="list-style-type: none"> <li>▪ C2608C for all shipments when DND will be the importer;</li> <li>▪ C2610C when DND will be the importer and the contract value is C\$250,000 or more.</li> </ul> </li> <li>○ D0037C - Shipping Instructions (Department of National Defence) - Canadian-based Contractor Use the following clause when the Contractor is located in Canada and the Department is responsible for shipping: <ul style="list-style-type: none"> <li>▪ sole source contracts for goods,</li> <li>▪ all repair and overhaul contracts where transportation was not part of the competitive bid.</li> </ul> Use this clause in conjunction with C2611C when the Contractor is the importer and the contract value is CAN\$250,000 or more.</li> </ul> </li> </ul> <p>Other examples of SACC Clauses that may be required. (Note that this is not an exhaustive list. It is the responsibility of the contracting to read the SACC Manual and determine which clause(s) should be used based on the requirement):</p>

		<ul style="list-style-type: none"> <li>• Supplemental General Conditions <ul style="list-style-type: none"> <li>○ <a href="#">4005 - Supplemental General Conditions - Telecommunications Services and Product</a></li> <li>○ <a href="#">4006 - Contractor to Own Intellectual Property Rights in Foreground Information</a></li> <li>○ <a href="#">4007 - Canada to Own Intellectual Property Rights in Foreground Information</a></li> </ul> </li> <li>• Supplemental General Conditions <ul style="list-style-type: none"> <li>○ A2000C - Foreign nationals (Canadian Contractor).</li> <li>○ A2001C - Foreign nationals (Foreign Contractor).</li> <li>○ A9062C - Canadian Forces Site Regulations</li> <li>○ <a href="#">A9131C - Controlled Goods Program</a></li> <li>○ B1501C - Electrical Equipment</li> <li>○ B1006C - Condition of Material - Contract</li> <li>○ B4060C - Controlled Goods applies to and forms part of the Contract.</li> <li>○ C3015C - Exchange Rate Fluctuation Adjustment</li> <li>○ D0018C - Delivery and Unloading</li> <li>○ D6010C - Palletization applies</li> <li>○ K3030C - Contractor to own IP: No Explicit License Rights for Canada</li> </ul> </li> </ul>
2.1X	Dispute Resolution Services	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• insert in <b>FULL TEXT</b> the following clause in its entirety :</li> </ul> <p>The parties understand that the Procurement Ombudsman appointed pursuant to subsection 22.1(1) of the <i>Department of Public Works and Government Services Act</i> will, on request of a party, provide a proposal for an alternative dispute resolution process to resolve any dispute arising between the parties respecting the interpretation or application of a term or condition of this contract. The parties may consent to participate in the proposed alternative dispute resolution process and to bear the cost of such process. The Office of the Procurement Ombudsman may be contacted by telephone at 1-866-734-5169 or by email at <a href="mailto:boa.opo@boa.opo.gc.ca">boa.opo@boa.opo.gc.ca</a>.</p>
2.1X	Contract Administration	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• insert in <b>FULL TEXT</b> the following clause:</li> </ul> <p>The parties understand that the Procurement Ombudsman appointed pursuant to subsection 22.1(1) of the <i>Department of Public Works and Government Services Act</i> will review a complaint filed by the complainant respecting administration of Contract if the requirements of Subsection 22.2(1) of the <i>Department of Public Works and Government Services Act</i> and Sections 15 and 16 of the <i>Procurement Ombudsman Regulations</i> have been met. To file a complaint, the Office of the Procurement Ombudsman may be contacted by email at <a href="mailto:boa.opo@boa-opo.gc.ca">boa.opo@boa-opo.gc.ca</a>, by telephone at 1-866-734-5169 or by web at <a href="http://www.opo-boa.gc.ca">www.opo-boa.gc.ca</a>.</p>
Annex X	Access to DND Computer Systems	<p>If the contractor must have access to DND computer systems, <b>the CA must</b> add the “Access to DND Computer Systems” Document and related annex to the solicitation documents as per <a href="#">PAM 1.7.2</a>.</p>

### 3.3.10 Contracting for Services Direct with Trade (DWT) within an individual's delegated authority (for requirements above \$25K, up to \$75K)

#### Warning:

An individual must have the applicable delegated contracting authority indicated on their signed DoA form in order to sign/approve a contract.

This section contains information on the following:

- 3.3.10.1 When to Contract for Services Direct With Trade
- 3.3.10.2 Determining Contracting Authority
- 3.3.10.3 Contracting Policy and Principles
- 3.3.10.4 Review the Requirement
- 3.3.10.5 Develop the Bid Solicitation Package
- 3.3.10.6 Solicitation Process
- 3.3.10.7 Evaluation Process
- 3.3.10.8 Award the Contract
- 3.3.10.9 Report the Contract
- 3.3.10.10 Manage the Contract
- 3.3.10.11 Reconcile and Close the Contract
- 3.3.10.12 References

#### 3.3.10.1 When to Contract for Services Direct With Trade

The CA may contract for services direct with trade when the required services:

- Are **not** included in the commodity categories for the mandatory use of standing offers (refer to PAM [3.3. Develop Procurement and Contracting Documents](#));
- **Cannot** be satisfied by an existing Standing Offer (PAM [3.3.1 The PSPC Call-up Against a Standing Offer \(SO\)](#));
- **Cannot** be satisfied by an existing Supply Arrangement (SA) (PAM [3.3.4 Contract Against a Supply Arrangement \(SA\)](#));
- Are **not** part of an existing contract (i.e. options).
- Are valued greater than \$25k (for value under \$25K, consult PAM 3.3.9 Low Dollar Value Procurement)

#### 3.3.10.2 Determining Contracting Authority

Contracting Authorities are delegated to positions as detailed in the [Delegation of Authorities for Financial Administration for the Department of National Defence \(DND\) and the Canadian Armed Forces \(CAF\)](#).

Incumbents of positions must have a signed Delegation of Authorities (DoA) Form prior to exercising any procurement or contracting authorities.

An individual must have the appropriate delegated contracting authority indicated on their DoA form in order to sign/approve contract Direct with Trade (DWT).

For procurement of **services** you must have authority listed in one of the following columns, as appropriate to the requirement:

- 16 – Specific Goods and Services
- 17 – Services (Competitive) – General
- 18 – Services (Non-Competitive) – General
- 19 – Services- Electronic Bidding (GETS)
- 20 – Services (Competitive) – Former Public Servants
- 21 – Services (Non-Competitive) – Former Public Servants

### **3.3.10.3 Contracting Policy and Principles**

The Contracting Authority (CA) must be guided by and understand contracting principles to avoid making incorrect decisions or committing errors that may result in disciplinary procedures and even criminal charges.

It is imperative that the CA brings contracting experience to the process and assists in getting the clients what they need. Following the initial contact, the CA must help the clients define their requirement.

Once the requirement is clearly defined, the CA initiates, prepares and manages a contract process for the purchase.

In order to be successful at their job, the CA must understand the rules and regulations of buying. Departmental policy and procedures for contracting (e.g. [Defence Administrative Orders and Directives \(DAOD\)](#), Procurement Administration Manual (PAM), [Departmental Financial Delegations](#), and so on) are based on, and comply with, applicable legislation (e.g. Financial Administration Act, Federal Accountability Act, Government Contract Regulations, PWGSC Act) and Treasury Board Policy.

Before taking procurement action to satisfy a requirement, the CA must:

- Obtain auditable records of Expenditure Initiation Authority and FAA section 34 from the appropriate RC manager(Refer to CDAO SOP 1.09 Procure to Payment)
- Confirm that you have the required contracting authority indicated on your signed Delegation of Authorities form;
- Ensure it is within the mandate of the requesting organization to purchase the item being requested.

### **3.3.10.4 Review the Requirement**

The CA is responsible to:

- confirm that the requirement was sent to the right organization ([PAM 3.2.3](#), The Organization);



- ensure that information supporting the requirement is complete ([PAM 3.2](#), Review the Requirement for Procurement);
- Ensure that the requirement is thoroughly described in a clear and simple Statement of Work (SOW) with a list of deliverables ([PAM 3.2.2](#), The Requirement);
- Address the restrictions on the use of controlled goods and Hazardous materials (refer to the [CTAT website](#) and [PAM 3.2.9](#) Controlled Goods / Controlled Technology Access and Transfer (CTAT));
- Ensure that the SOW is complete and contractible [PAM 3.2.7](#) Statement of Work Review);

**Note:** Service contracts with individuals must avoid establishing an employer-employee relationship ([PAM 1.8.3](#), Employer/Employee Relationship). Such contracts should:

- have fixed deliverables;
- not involve day-to-day direction or general terms of employment.

If a firm consists of an individual who has incorporated, any contract with this firm should be considered as a contract for the services of an individual, not as a contract with a firm.

The "[Contracting with an Individual](#)" form provides a series of questions, the answers to which provide a determination as to whether a potential exists for an employer-employee relationship.

The "[Statement of Former Status in Federal Government](#)" form must be used in contracting situations involving the services of former government officials and members of the CAF.

- Ensure that the quality assurance has been addressed and is included in the contract ([PAM 3.2.11](#), Quality Assurance);
- Ensure an SRCL is completed and actioned ([PAM 3.2.8](#), Security Requirements Checklist (SRCL)).
- Ensure that the Limitation of Liability (LoL) is not mentioned in the draft contract and SOW.

**Note:** Only PSPC and TBS can limit the liability. Therefore, the PA must submit their requirement to PSPC when liability must be limited.

- Ensure that the requirement complies with:
  - all the **procurement restrictions** related to specific services;
  - all the **approval requirements** related to specific services;

**Note:** refer to the Delegation of Authorities for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF), A-FN-100-002/AG-006. Notes, column 16).

- Comply with the following procedure if the requirement will be sole sourced ([PAM 3.1.1.1.3.2, Exceptions to Competition \(Sole Source\)](#)):
  - Draft a memo outlining the sole source justification and rationale based on [TB Contracting Policy](#) article 10.2.1;
    - Obtain SH's (at the minimum) approval;
    - Record the signed memo in the contract file.

### **3.3.10.5 Develop the Bid Solicitation Package**

The quote/bid must be in writing and provide enough detail to confirm that it is satisfying the requirement outlined in the RFQ/RFP.

Therefore, the bid solicitation package will consist of:

- [bid solicitation cover page](#)
- bid instructions
- resulting contract clauses
- a SOW for Services
- SRCL,
- non-disclosure Agreement, if access to DND network is required
- drawing, technical specifications and others if required
- CDRL, DID, if applicable
- plans, designs, specifications and drawings provided by the department and/ or third party Architectural and Engineering firms, if applicable
- Bid Evaluation
- Contractor Selection Methodology

The CA is responsible to:

- draft and complete the following documents that will form part of the bid solicitation package:
  - [Bid solicitation cover page](#)
  - Complete the PSPC Medium Complexity Template using the instruction provide in [Annex 3.3.10.A Instructions to Complete the PSPC Medium Complexity Solicitation and Resulting Contract Template](#)
- read all the terms and conditions in the applicable Contract template
- choose the applicable clauses
- add additional PSPC SACC clauses if required
- ensure that the method of receipt of the quotes (e-mail, fax, regular mail) abide by the security level of the requirement.

### 3.3.10.6 Solicitation Process

A Request for Quote (RFQ) or Request for Proposal (RFP) is used in a competitive process to solicit quotations/proposals for price and delivery from suppliers for the identified service.

The department is committed to respect and apply TBS' contracting policy statement which states that government contracting shall be conducted in a manner that will:

- Stand the test of public scrutiny in matters of prudence and probity;
- Facilitate access;
- Encourage competition, and
- Reflect fairness in the spending of public funds.

Competition is the norm. Therefore, **as often as possible**, the CA must request quotes.

The **suggested minimum** number of quotes required for service requirements within this dollar range is 3.

When using a list of suppliers (source list) to seek bids, all bidders must receive equal opportunity to bid on a **rotational basis**. Therefore, ensure that the list is updated on a regular basis to add new suppliers.

Splitting the requirement to remain within delegated contracting authority is prohibited and may also be illegal, depending upon the policy being circumvented. Refer to [PAM 1.8.1 Contract Splitting](#).

#### Bilingualism:

The Official Languages Act and related policies and directives are to be observed in the contracting process whatever the value of the requirement.

The CA must:

- refer to the [Official Languages Act \(LOA\), part IV, paragraph 22](#) to determine if the office is bilingual or unilingual;
- refer to and apply the [TBS Official Languages policy](#) accordingly:
  - [TBS Contracting Policy, Chapter 8, paragraph 8.5, Official Languages](#)
  - [TBS Contracting Policy, Appendix F, Official Languages](#)
- consult the [PSPC Supply Manual, chapter 4, paragraph 4.20: Official Languages Obligations in Procurement](#) for additional information on the subject.

#### Solicitation period:

The standard solicitation period is suggested to be between 5 business days (minimum) to 15 business days (maximum).

The solicitation period is subject to operational requirements and will vary depending on:

- the type of commodity;
- the complexity of the requirement.

**Receipt of bids:**

There is no centralized departmental bid receiving unit. The suppliers will send the bids directly to the CA.

Suppliers may forward the bids using one of the following methods:

- e-mail;
- fax;
- regular mail (Canada Post).

The bid package submitted by the supplier must include:

- bid
- bid solicitation cover page signed by the supplier
- technical documentation, if required.

**Process:**

The CA is responsible to:

- forward the bid solicitation package to the vendors
- request an e-mail from the vendors indicating when their bid has been forwarded to the CA via regular mail (Canada Post);
- receive the bids.
- acknowledge receipt of the bids by e-mail to the contractor;
- ensure appropriately secured storage for the bids (if necessary).

The contract file, including the bids, are to be stored as per PAM 1.7 Security in the Procurement and Contracting Process.

**3.3.10.7 Evaluation Process**

The CA is responsible to:

- Ensure that the TA evaluates all bids received against the requirement and any evaluation criteria that were 3.6.4 provided in the RFQ/RFP, except for the financial evaluation (refer to [PAM 4.1.2](#) Roles and Responsibilities in the Bid Evaluation Process when the DND PA is the CA);
- document the reason in the file if a bid is deemed to be technically non-compliant;
- evaluate all quotes acceptable by the TA to determine the winning bid
- notify the unsuccessful bidders (letters to unsuccessful bidder - [sample 1](#), [sample 2](#), [sample 3](#), [sample 4](#)).

**3.3.10.8 Award the Contract**

Refer to [PAM 4.2.2 DND Contract Award](#)

### 3.3.10.9 Report the Contract

Refer to [PAM 4.3 Mandatory Contract Reporting](#)

### 3.3.10.10 Manage the Contract

Refer to [PAM 5.0 Control Procurement](#)

### 3.3.10.11 Reconcile and Close the Contract

Refer to [PAM 6.0 Close Procurement](#)

### 3.3.10.12 References

- [Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#);
- [Treasury Board Secretariat, Contracting Policy, Chapter 16, Service Contracts](#);
- [Treasury Board Secretariat, Values and Ethics Code for the Public Service, Chapter 3, Post-Employment Measures](#).

## Annex 3.3.10.A Instructions to Complete the PSPC Medium Complexity Solicitation and Resulting Contract Template

1. Complete the [Bid solicitation cover page](#)
2. Complete the [Medium Complexity Bid Solicitation and Resulting Contract Template](#) using the instructions in the template in addition to the following instructions:

Paragraph	Title	Modification
1.10	Office of the Procurement Ombudsman	<p><b>The CA must add the following clause in its entirety:</b></p> <p>The Office of the Procurement Ombudsman (OPO) was established by the Government of Canada to provide an independent venue for Canadian bidders to raise complaints regarding the award of federal contracts under \$25,300 for goods and under \$101,100 for services. Should you have any issues or concerns regarding the award of a federal contract below these dollar amounts, contact OPO by e-mail at <a href="mailto:boa.opo@boa-opo.gc.ca">boa.opo@boa-opo.gc.ca</a>, by telephone at 1-866-734-5169, or by web at <a href="http://www.opo-boa.gc.ca">www.opo-boa.gc.ca</a>. For more information about OPO, including the available services, please visit the OPO website.</p>
2.1	Standard Instructions, Clauses and Conditions	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• Delete this section in its entirety and insert one of the applicable text:</li> </ul> <p><b>For Competitive Requirements:</b></p>

		<p>All instructions, clauses and conditions identified in the bid solicitation by number, date and title are set out in the <a href="#">Standard Acquisition Clauses and Conditions Manual</a> issued by Public Services and Procurement Canada.</p> <p>Bidders who submit a bid agree to be bound by the instructions, clauses and conditions of the bid solicitation and accept the clauses and conditions of the resulting contract.</p> <p>The 2003 _____ (insert date) Standard Instructions - Goods and Services - Competitive Requirements, are incorporated by reference into and form part of the bid solicitation, with the following modifications:</p> <p>a) Section 02, Procurement Business Number is deleted in its entirety.</p> <p>Include the following modification when RFP is issued using traditional competitive (i.e. not via GETS).</p> <p>b) Section 05, Submission of Bids - Subsection 3 is deleted.</p> <p>Include the following modification when requiring bids to remain valid for more than 60 days. Insert the number of days the bid is to remain valid.</p> <p>c) Section 05, Submission of Bids - Subsection 4 is amended as follows:</p> <p>Delete: 60 days Insert: _____ days</p> <p>d) Section 20, Further Information is deleted in its entirety.</p> <p><b>(OR)</b></p> <p><b>For Non-Competitive Requirements:</b></p> <p>All instructions, clauses and conditions identified in the bid solicitation by number, date and title are set out in the <a href="#">Standard Acquisition Clauses and Conditions Manual</a> issued by Public Services and Procurement Canada.</p> <p>Bidders who submit a bid agree to be bound by the instructions, clauses and conditions of the bid solicitation and</p>
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		<p>accept the clauses and conditions of the resulting contract.</p> <p>The 2004 _____ (insert date) Standard Instructions - Goods and Services - Competitive Requirements, are incorporated by reference into and form part of the bid solicitation, with the following modifications:</p> <p>a) Section 02, Procurement Business Number is deleted in its entirety.</p>
6.3.1	<b>General Conditions</b>	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>Delete this section in its entirety and insert one of the applicable paragraph below:</li> </ul> <p><b>For Professional Services:</b></p> <p>The 2010B _____ (insert date), General Conditions - Professional Services (Medium Complexity) apply to and form part of the Contract, with the following modifications:</p> <p>a) Definition of Minister is modified as follows:</p> <p>"Canada", "Crown", "Her Majesty" or "the Government" means Her Majesty the Queen in right of Canada as represented by the Minister of National Defence and any other person duly authorized to act on behalf of that minister or, if applicable, an appropriate minister to whom the Minister of National Defence has delegated their powers, duties or functions and any other person duly authorized to act on behalf of that minister.</p> <p><b>(OR)</b></p> <p><b>For services:</b></p> <p>The 2010C _____ (insert date), General Conditions - Services (Medium Complexity) apply to and form part of the Contract, with the following modifications:</p> <p>a) Definition of Minister is modified as follows:</p> <p>"Canada", "Crown", "Her Majesty" or "the Government" means Her Majesty the Queen in right of Canada as represented by the Minister of National Defence and any other person duly authorized to act on behalf of that minister or, if applicable, an</p>

		appropriate minister to whom the Minister of National Defence has delegated their powers, duties or functions and any other person duly authorized to act on behalf of that minister.
6.13	<b>SACC Manual Clauses</b>	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• Include one of the two insurance clauses by REFERENCE number ONLY as may be applicable as all contracts MUST contain one. <ul style="list-style-type: none"> <li>○ G1005C (Date of active clause)</li> <li>○ G1001C (Date of active clause)</li> </ul> </li> </ul> <p>Example of SACC Clauses that can be added,(note that this is not an exhaustive list):</p> <ul style="list-style-type: none"> <li>• Supplemental General Conditions <ul style="list-style-type: none"> <li>○ 4005 - Supplemental General Conditions - Telecommunications Services and Product</li> <li>○ 4006 - Contractor to Own Intellectual Property Rights in Foreground Information</li> <li>○ 4007 - Canada to Own Intellectual Property Rights in Foreground Information</li> </ul> </li> <li>• Supplemental General Conditions <ul style="list-style-type: none"> <li>○ A2000C - Foreign nationals (Canadian Contractor).</li> <li>○ A2001C - Foreign nationals (Foreign Contractor).</li> <li>○ A9062C - Canadian Forces Site Regulations</li> <li>○ B1501C - Electrical Equipment</li> <li>○ B1006C - Condition of Material - Contract</li> <li>○ B4060C Controlled Goods applies to and forms part of the Contract.</li> <li>○ C3015C - Exchange Rate Fluctuation Adjustment</li> <li>○ D0018C - Delivery and Unloading</li> <li>○ D6010C - Palletization applies</li> <li>○ D6009C - Shipping Instructions - Delivery and Destination Schedules Unknown</li> <li>○ K3030C - Contractor to own IP: No Explicit License Rights for Canada</li> </ul> </li> </ul>
6.14	<b>Dispute Resolution Services</b>	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>• insert in <b>FULL TEXT</b> the following clause in its entirety:</li> </ul> <p>The parties understand that the Procurement Ombudsman appointed pursuant to subsection 22.1(1)</p>



		of the <i>Department of Public Works and Government Services Act</i> will, on request of a party, provide a proposal for an alternative dispute resolution process to resolve any dispute arising between the parties respecting the interpretation or application of a term or condition of this contract. The parties may consent to participate in the proposed alternative dispute resolution process and to bear the cost of such process. The Office of the Procurement Ombudsman may be contacted by telephone at 1-866-734-5169 or by email at <a href="mailto:boa.opo@boa.opo.gc.ca">boa.opo@boa.opo.gc.ca</a> .
6.15	<b>Contract Administration</b>	<p><b>The CA must:</b></p> <ul style="list-style-type: none"> <li>insert in <b>FULL TEXT</b> the following clause:</li> </ul> <p>The parties understand that the Procurement Ombudsman appointed pursuant to subsection 22.1(1) of the <i>Department of Public Works and Government Services Act</i> will review a complaint filed by the complainant respecting administration of this Contract if the requirements of Subsection 22.2(1) of the <i>Department of Public Works and Government Services Act</i> and Sections 15 and 16 of the <i>Procurement Ombudsman Regulations</i> have been met.</p> <p>To file a complaint, the Office of the Procurement Ombudsman may be contacted by email at <a href="mailto:boa.opo@boa.opo.gc.ca">boa.opo@boa.opo.gc.ca</a>, by telephone at 1-866-734-5169 or by web at <a href="http://www.opo-boa.gc.ca">www.opo-boa.gc.ca</a>.</p>
<b>Annex X</b>	<b>Access to DND Computer Systems</b>	If the contractor must have access to DND computer systems, the CA must add the “Access to DND Computer Systems” Document and related annex to the solicitation documents as per <a href="#">PAM 1.7.2</a> .

### 3.3.11 Procurement Through PSPC

Procurement Initiation Authority (PIA) is required to approve a 9200 Requisition and has been delegated to specific positions within the Department as per [PAM 1.4.3](#)

An individual must have delegated authority indicated in column 14 of their approved DoA form in order to approve a 9200 requisition.

The following topics are covered in this section:

- 3.3.11.1 When to Use PSPC
- 3.3.11.2 Prior to Raising the 9200 Requisition
- 3.3.11.3 Common Information Required in the 9200 Requisition

- 3.3.11.4 Official Languages Requirement for the 9200 Requisition and RFP Package
- 3.3.11.5 Completion of the 9200 Requisition Form
- 3.3.11.6 Circulation of the 9200 Requisition for Review
- 3.3.11.7 Circulation of the 9200 Requisition for Approval
- Table 3.3.11.A Review List for Approving Authority
- 3.3.11.8 Actions Following Approval of the 9200 Requisition
- 3.3.11.9 9200 Amendment Process
- 3.3.11.10 Process to Exercise an Option on a Contract
- ANNEX 3.3.11.A Instructions to Complete the 9200 Requisition Form
- ANNEX 3.3.11.B Management of Bonded Inventory
- ANNEX 3.3.11.C Third Line Repair and Overhaul (R&O) Requirements
- ANNEX 3.3.11.C-1 Logistics Statement of Work (LOG SOW)
- ANNEX 3.3.11.C-2 Establishment of Third Line Repair and Overhaul (R&O) Support
- ANNEX 3.3.11.D Professional Services Contract (includes ANNEX 3.3.11.D-1)
- ANNEX 3.3.11.E Pre-Facilitated Contract (PFC)
- ANNEX 3.3.11.F Department/Project Standing Offer (SO)
- ANNEX 3.3.11.G Departmental/Project Supply Arrangement (SA)
- ANNEX 3.3.11.H Task Authorization Contract/DND 626
- ANNEX 3.3.11.I Foreign Military Sales (FMS) Case

### 3.3.11.1 When to Use PSPC

The Procurement Authority (PA) must use the services of Public Services and Procurement Canada (PSPC) to award a contract for goods or services when:

- an existing contract vehicle (standing offer (SO), pre-facilitated contract (PFC), or supply arrangement (SA)) is not available or accessible and the estimated value of the requirement is greater than the delegated contracting authority of the Department.
- a departmental standing offer (SO), pre-facilitated contract (PFC) or supply arrangement (SA) needs to be raised.
- a Foreign Military Sales (FMS) case needs to be raised.

For goods or services that exceed the delegated contracting authority within the PA's chain of command, but are within the authority of ADM(Mat) Procurement Directorates, the PA may use the services of PSPC or request the appropriate ADM(Mat) procurement directorate to award a contract by following the process detailed in [PAM 3.3.12 \(Procurement for Services Through ADM\(Mat\) Procurement Directorates.\)](#)

For construction requirements with an estimated value less than \$60K the PA may use the services of PSPC or request DCC to award a contract by following the process detailed in [PAM 3.3.7 \(Procurement Through Defence Construction Canada.\)](#)

### 3.3.11.2 Prior to Raising the 9200 Requisition

Prior to completing the 9200 requisition form, the PA must ensure that all the supporting information for the requirement has been provided by the TA, including required attachments and suggested contract terms and conditions.

The PA is responsible to review:

- the requirement to ensure that it is well defined as detailed in [PAM 3.2.8. Ensure the Requirement is Thoroughly Described](#)
- the content of the procurement plan including the procurement strategy as detailed in [PAM 3.1 Develop Procurement Plan](#)

### 3.3.11.3 Common Information Contained in the 9200 Requisition

Common information contained in the 9200 requisition:

- 3.3.11.3.1 Security
- 3.3.11.3.2 Requirement Description
- 3.3.11.3.3 Technical Data Package (TDP)
- 3.3.11.3.4 Specific DND Forms
- 3.3.11.3.5 Government Furnished Equipment (GFE), Government Furnished Information (GFI) and Government Supplied Material (GSM)
- 3.3.11.3.6 Extent of Competition or Limited Tendering and Impacts of Trade/Government Agreements
- 3.3.11.3.7 Limitation of Contractor's Liability
- 3.3.11.3.8 Basis of Payment
- 3.3.11.3.9 Method of Payment
- 3.3.11.3.10 Evaluation Criteria and Contractor Selection Method
- 3.3.11.3.11 Funding
- 3.3.11.3.12 Quality Assurance
- 3.3.11.3.13 Contractor Access to DRMIS
- 3.3.11.3.14 Suggested Contract Clauses
- 3.3.11.3.15 Recommendations to Ensure Value for Money

Special requirements to be called up in the 9200 requisition for specific types of contracts or contract vehicles are described in the following annexes:

- [ANNEX 3.3.11.B](#) Management of Bonded Inventory
- [ANNEX 3.3.11.C](#) Third Line Repair and Overhaul (R&O) Requirements
- [ANNEX 3.3.11.C-1](#) Logistics Statement of Work (LOG SOW)
- [ANNEX 3.3.11.C-2](#) Establishment of Third Line Repair and Overhaul (R&O) Support
- [ANNEX 3.3.11.D](#) Professional Services Contract (includes ANNEX 3.3.11.D-1)
- [ANNEX 3.3.11.E](#) Pre-Facilitated Contract (PFC)
- [ANNEX 3.3.11.F](#) Department/Project Standing Offer (SO)
- [ANNEX 3.3.11.G](#) Departmental/Project Supply Arrangement (SA)

[ANNEX 3.3.11.H](#) Task Authorization Contract/DND 626

[ANNEX 3.3.11.I](#) Foreign Military Sales (FMS) Case

### 3.3.11.3.1 Security

If security requirements have been identified by the TA, the PA is responsible to:

- Ensure the TA completes a Security Requirements Check List (SRCL) as detailed in [PAM 1.7](#).
- Attach the completed SRCL to the 9200 Requisition as Annex A.
- Ensure the TA completes the block titled "Security" on the 9200 Form as detailed in **PAM Annex 3.3.11.A Instruction to Complete the 9200 Requisition Form.**

### 3.3.11.3.2 Requirement Description

Include a requirement statement in the body of the 9200 Requisition Form and refer to the Annex containing:

- Statement of Requirement (SOR) or a List of Deliverables (LOD) for goods
- Statement of Work (SOW) for services

If there is a SRCL, the above is attached as Annex B. If there is no SRCL, the above is attached as Annex A

#### References:

- [PAM 3.2.9](#) Ensure the SOW and Associated CDRL and DID Are Complete and Clear
- [PSPC Supply Manual 2.1 Requirements Definition](#)

### 3.3.11.3.3 Technical Data Package (TDP)

If the TA has identified a requirement to supply a Technical Data Package ([TDP](#)) to bidders during the bidding process or to the contractor when the contract is awarded, the PA must:

- Prepare the Request for Data Verification ([RDV](#)) (DND-654) form and send it to the TA for completion
- Submit the completed RDV form to DSCO 4-3

DSCO 4-3 is responsible to prepare the Design Data List (DDL) (DND 1011A) [Director Supply Chain Operations](#).

The DDL provides a complete technical description of the documentation that will be released and ensures that the TDP is available when it is required.

Contact [DSCO](#) 4-3 at 819-994-9372 for clarification, guidance and assistance on the RDV/DDL process.

#### References:

- [Defence Forms Catalogue](#)
- CFTO: [C-01-000-001/AG-000 Technical Data Package](#) What it is and How it is Put Together.
- [PSPC Supply Manual 4.15.15 Technical Data](#)

#### 3.3.11.3.4 Specific DND Forms

If the TA identifies a requirement for the contractor to complete and submit specific DND forms as part of the contract, the PA will ensure copies of these forms are included as an annex to the 9200 Requisition Form.

DND forms are available through the [Defence Forms Catalogue](#).

Non-standard forms have to be provided by the TA.

#### 3.3.11.3.5 Government Furnished Equipment (GFE), Government Furnished Information (GFI) and Government Supplied Material (GSM)

If the TA has identified that GFE, GFI or GSM will be used in the contract, it is the responsibility of the PA to:

- ensure that the 9200 form clearly identifies any requirement to provide GFE, GFI and GSM to the contractor.

#### 3.3.11.3.6 Extent of Competition or Limited Tendering and Impacts of Trade/Government Agreements

Extent of Competition or Limited Tendering and Impacts of Trade/Government Agreements may have already been identified and documented in the Procurement strategy.

If not, refer to **PAM 3.1.1.1.3 Extent of Competition or Limited Tendering and Impacts of Trade/Government Agreements**.

#### Limited tendering (sole source)

If the TA requests that the requirement be satisfied through a limited tendering (sole source) contracting process, the PA will:

- attach the Sole Source letter as a cover letter to the 9200 requisition; or
- reference the formal Record of Decision (ROD) if the requirement has gone through a formal Procurement Review process.

Refer to **PAM 3.1.1.1.3.2 Exceptions To Competition** for more detail.

If the TA has provided justification other than patent or copyright, a statement must be provided as to whether or not DND is open to accept bids from other vendors.

If DND is open to accept bids from other vendors, then PSPC may choose to post an Advance Contract Award Notice.

Refer to [PAM 3.6.4](#) **Advance Contract Award Notification (ACAN)** for more details.

### **No Substitute**

“No substitute” refers to a requirement in which a product is described by a brand name or model number and it is stated that a substitute product is not acceptable.

A “no substitute” requirement will usually be competed and does not imply the requirement will be sole sourced.

If a no substitute requirement is to be sole sourced, sole source justification must be provided in addition to the following:

The PA must:

- Obtain the following information from the TA:
  - a) The intended use of the goods or services;
  - b) Identification of the other goods or services that were considered but found to be unacceptable; and
  - c) The supportable reasons for requesting specific goods or services.
- Include the information provided by the TA in the 9200 Requisition Form in order to substantiate no substitute.

Refer to *PSPC Supply Manual* 4.30.45.5 No Substitute Products to identify appropriate standard clauses.

### **Trade/Government Agreements**

The PA must identify in the 9200 requisition, applicable trade or other Government Agreements the requirement is subject to.

This may include:

- Comprehensive Land Claim Agreement (CLCAs)
- Procurement strategy for aboriginal business (PSAB)
- North American Free Trade Agreement (NAFTA)

- World Trade Organization Agreement on Government Procurement (WTO-AGP)
- Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
- Canadian Free Trade Agreement (CFTA)
- Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

### **3.3.11.3.7 Limitation of Contractor's Liability (LOL)**

If the TA does not identify a requirement to limit contractor's liability, no clauses will be added to the 9200 Requisition Form. The contract may be awarded without an LOL clause. Issues concerning payment responsibilities for any subsequent liability will be addressed in the courts.

If the TA identifies a requirement to limit the contractor's liability, the TA is responsible for identifying if the requirement has any associated risk:

- No foreseeable or anticipated risks as determined by a PSPC Commodity Grouping (low risk);
- No foreseeable or anticipated risks as determined by a Risk Assessment (low risk);
- Foreseeable or anticipated risks as determined by a Commodity Grouping (medium/high risk);
- Foreseeable or anticipated risks as determined by a Risk Assessment (medium/high risk).

The PA must include the risk assessment for each item in the 9200 Requisition.

In sole source situations, there may be a substantive transfer of risk; when that occurs ADM (Fin CS) must approve the limitation of liability.

#### **References:**

TB - [\*Policy on Decision Making in Limiting Contractor Liability\*](#) in *Crown Procurement Contracts*

### **3.3.11.3.8 Basis of Payment**

The Basis of Payment may have already been determined and documented in the Procurement Plan, PAM [Annex 3.1.A](#), Section B.

If not, refer to [PAM 3.1.2](#) Pricing Strategy/Basis of Payment.

Refer to PSPC Supply Manual [4.70.20 Basis of Payment](#) for the appropriate SACC references.

### **3.3.11.3.9 Method of Payment**

The Method of Payment may have already been determined and documented in the Procurement Plan, PAM [Annex 3.1.A](#), Section C.

If not refer to [PAM 3.1.3](#) Method of Payment.

Refer to PSPC Supply Manual [4.70.30 Method of Payment](#) for the appropriate SACC references.

### **3.3.11.3.10 Evaluation Criteria and Contractor Selection Method**

If the procurement is competitive and will result in a Request for Proposal (RFP) or Invitation to Tender (ITT), the PA ensures that the 9200 Requisition Form includes detailed evaluation criteria and contractor selection methodology.

#### **Reference:**

[PAM 3.5](#) Review and Contribute to the Evaluation.

### **3.3.11.3.11 Funding**

The PA ensures that funding is approved and sufficient funding is available to pay for the requirement.

If the RC Manager/Administrator has not provided auditable evidence of funding approval, refer to [PAM 3.2.6](#) **Verify the Necessary Funding is Approved and Sufficient Cash Is Available**.

The Current Funding block on the 9200 is the total funded value of the requirement including:

- value of the firm contract
- value of all option periods and option items (except unfunded options)
- value of applicable taxes

A detailed breakdown of the above values cash phased by FY for the expected duration of the requirement should be included in the description field (or continuation sheet) of the 9200.

The PA ensures that any financial code provided is valid in the financial system for the years that it will be used.

Funding must be in Canadian currency and the RC Manager must provide the following information:

- Consignee code
- Financial codes
- Accounting office code.

**Note:** PSPC is not authorized to award contracts in excess of the amount indicated in the Current Funding block shown on the requisition.

### **3.3.11.3.12 Quality Assurance**

The PA must:



- include the QA code and quality assurance requirements in the procurement documents;
- ensure that the clause inserted in the 9200 requisition which relates to progress claim or invoices **DO NOT** specify that the supplier sends the original progress claim or invoice to the QAR. The QAR does **NOT** sign any progress claims or invoices.

### **3.3.11.3.13 Contractor Access to DRMIS**

In cases where contractor's personnel require access to DRMIS in order to carry out their responsibilities under the contract, a statement to this effect must be included in the 9200 requisition.

The statement will include a request to add [SACC A9126C](#) to supplement the confidentiality section of the general conditions.

### **3.3.11.3.14 Suggested Contract Clauses**

The PA selects the appropriate [Standard Acquisition Clauses and Conditions \(SACC\)](#) that apply to this requirement, by searching on the clause number, title or subject.

In cases where terms and conditions are not covered by a SACC clause, the PA inserts a non-standard DND clause in the 9200 requisition form.

Non-standard clauses should be developed with the active participation of the relevant members of the procurement team (such as the DND PA, DND TA, PSPC CA) and reviewed by DND lawyers in order to ensure that the clauses will be acceptable for use in a contract.

Under certain circumstances, the PSPC officer may have to submit the non-standard clause to PSPC Legal Services for review. In other cases, the clause will have to be negotiated with the contractor and may have a financial impact on the cost of the contract.

### **3.3.11.3.15 Recommendations to Ensure Value for Money**

#### **Recommended Spares**

If the TA specifies the contractor is required to provide sparing data and:

- as part of the contract, the contractor is to provide DND with a Recommended Spares Parts List (RSPL); and
- the same contractor will also be selling those spares to DND.

In this specific instance:

- the contractor needs to be held accountable for their work and any resulting surplus and/or inactive spares resulting from their recommendation;
- in cases where some of the spares are not consumed (eg surplus and/or inactive spares), the contractor will be obligated to buy the spares back and credit the Department;

- where a contract includes “performance awards”, it is suggested to include an incentive for the contractor to recommend the right quantity of spare parts.

### **Improvement of requirement during the solicitation period**

The PA should consider including SACC A9076T, “Improvement of Requirement During Solicitation Period”, to optimize value for money

### **Visibility and accessibility of subcontract costs**

Requirement for:

- time and material (T&M) type contracts, and/or
- contracts involving significant subcontracting activities, and/or
- contracts where the pricing is not firm fixed price, and/or
- sole source contract, and/or
- cost reimbursable contract.

To ensure that the Crown receives good value for money, the PA must specify in the 9200 requisition form the requirement for SACC clauses related to the “visibility and accessibility of subcontract costs”, such as:

- SACC 2030-6, Subcontracts;
- SACC 2030-13, Invoice Submission;
- SACC 2030-33, Accounts and Audits.

#### **3.3.11.4 Official Languages Requirement for the 9200 Requisition and RFP Package**

The Government Electronic Tendering Service (GETS) has a national scope, therefore the linguistic preference cannot be determined. For all procurements that are posted on the Government Electronic Tendering Service (GETS) including ACANs the RFP package must be available in both official languages to meet the Canadian Charter of Rights and Freedoms and the Official Languages Act (LOA), part IV, section 22.

Plans, designs, specifications and drawings provided by third party Architectural and Engineering firms located:

- **outside the province of Québec and the National Capital Region**, will not be monitored until such time as the ability to provide certified documents in both languages is resolved province by province and therefore **may be provided in English only**.
- **inside the province of Québec and the National Capital Region**, will be monitored as they have the capacity to provide the documents in both official languages and therefore, these documents **will be provided in both official languages**.

### 3.3.11.4.1 Roles and Responsibilities Regarding Translation

The PA is responsible to:

- ensure that the following documents are translated prior to sending the procurement package to PSPC:
  - Statement of Work (SOW)
  - List of Deliverables (LoD)
  - Item descriptions listed in the 9200 Requisition
  - Technical Specifications
  - CDRL, DID
  - Plans, designs, specifications and drawings provided by the department
  - Plans, designs, specifications and drawings provided by third party Architectural and Engineering firms (for firms in the province of Québec and the National Capital Region only - refer to [PAM 3.3.11.4](#))
  - Security Guide portion of the SRCL
- if an NSN item description is not bilingual, contact DSCO for item description translation.

PA's within ADM (Mat):

- The ADM(Mat) Group has a partnership agreement for language services with the Translation Bureau, Public Services and Procurement Canada. This agreement is managed by Director Materiel Group Strategic Plans (DMGSP) 4, Business Operations & Internal Communications
- Send your translation requirement to your divisional/directorate translation coordinator(s).
- The table also contains the required instructions and forms for requesting translation.

PA's outside ADM(Mat):

- Request instructions for submitting translation requirements and confirm funding arrangements with PSPC Translation Bureau from your Branch / divisional / directorate / Base Translation OPI.

PSPC is responsible for:

- Arranging and paying for the translation of the following documents:
  - Bid Evaluation
  - Contractor Selection Methodology
  - Contract Terms and Conditions

#### **References:**

- [DND/Director Official Languages](#)
- [Office of the Commissioner of Official Languages](#)
- [PSPC Translation Bureau](#)

### 3.3.11.5 Completion of the 9200 Requisition Form

Requirements to be sent to PSPC must be submitted on the 9200 Requisition Form for Goods and Services and Construction.

- For DRMIS MM Module users, [create a Request for Quotation \(920M\)](#) using T-Code ME41 and select the 920M Document Type
- For those without access to the DRMIS MM Module, the form can be accessed through the [PSPC Forms Catalogue](#).

If the requirement contains multiple items and destinations, consolidate requirements for identical or similar items on a single 9200 requisition form whenever possible, in order to achieve cost benefits. Separate 9200 requisitions are required for each of the following categories:

- Unrelated supplies such as food and hardware;
- Urgently required supplies;
- Supplies subject to special instructions from customers;
- Narcotic, controlled and prescription drug items; and
- Unrelated services.

The PA completes the 9200 requisition form following the instructions in PAM [Annex 3.3.11.A](#).

### 3.3.11.6 Circulation of the 9200 Requisition for Review

The PA must forward a copy of the complete draft requisition and supporting documentation to the Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)) for review if:

- the requisition is for goods or services that have a Quality Assurance at Source requirement indicated by one of the following:
  - QAC Q
  - QAC J
  - SACC D5540C
  - SACC D5580C
- the requisition is for items which do not have a Quality Assurance Code (QAC) in DRMIS

If the requisition contains only items with Quality Assurance Code “C” or SACC clause D5545C , the draft document does not have to be forwarded to DQA for review.

### 3.3.11.7 Circulation of the 9200 Requisition for Approval

The PA prepares the Basic Support Document (BSD) for the 9200 requisition, as described in [PAM 3.4 Create the Contract/Procurement File and Support Documents](#), and submits the 9200 requisition to the approving authority.

For 9200 requisitions the approval signing authority levels are listed in [PAM 1.4.3 Procurement Initiation Authority](#) - Column 14 of the Delegation Matrix.

Before signing, the approval authority must review the 9200 requisition using the following recommended review list:

**Table 3.3.11-A Review List for Approving Authority**

Item	( )
Are the financial codes identified and is the funding approved?	
If this is an amendment for a financial increase to an existing contract, is the amount of increase greater than 30% of the original contract? <b>Note:</b> this may be an indicator of high risk.	
Is the Security Requirements Checklist (SRCL) attached to the requisition/amendment documentation containing a security requirement?	
Is there support for a sole source, Advance Contract Award Notification (ACAN) or no-substitute request?	
Are delivery lead times and schedules realistic, or will special action be required to meet delivery objectives?	
What could be the consequences resulting from late delivery, and is there a need for liquidated damages provisions or other performance incentives?	
Are the goods and services adequately defined in the requisition or attached technical documentation or statements of work (SOW)?	
Have appropriate standards, specifications or purchase descriptions been included? If not, can an existing one be used; or is there a need for the development of a new standard, specification or purchase description?	
Is the NATO Stock Number (NSN)/Goods and Services Identification Number (GSIN) or Permanent Control Stock Number (PCSN) of the products shown?	
Is a design change or deviation procedure specified?	
Is the extent of required product quality management and assurance specified?	
Is the inspection or quality assurance authority specified?	
Is there an evaluation plan included? Is the evaluation criteria specified and are the mandatory requirements clear?	
Is there a requirement to loan special production tooling or special test equipment, other Government Furnished Equipment and has a loan been arranged through Director Disposal, Sales, Artifacts and Loans (DDSAL)?	
Is Government Supplied Material specified and the proper clauses called up to support this? Will this material be available when required?	
Are there Intellectual Property issues? Does the requisition include instructions concerning the treatment of any intellectual property that may result from the procurement? Are there unrestricted rights to the use of technical data or are royalty payments involved?	

Item	( )
Is a trade-in specified?	
If radio transmitting equipment is to be acquired, has the project office or section contemplating procurement obtained radiofrequency equipment clearance from DND FSM (refer to article <a href="#">PAM 1.3.2</a> )? Are there other special considerations of a similar nature?	
Is there a limitation of liability identified?	
If "controlled goods" are identified, are all the supporting clauses also identified?	
For complex procurements, have the requisition, statements of work (SOW) and specifications been the subject of an integrated team review to ensure that all areas are complete and that there are no ambiguities between the documents? This may include an external independent validation and verification (IV&V) process.	

### 3.3.11.8 Actions Following Approval of the 9200 Requisition

The PA is responsible for the following activities once the 9200 requisition has been approved:

#### a) **Send the 9200 requisition form to PSPC**

The PA sends the following electronic documents to the PSPC address on the 9200 requisition form.

Checklist:

- Approved requisition (PSPC accepts copies or originals);
- SOW, LoD, DIDs, CDRL;
- Evaluation plan;
- SRCL, if required;
- Sole source letter, if required;
- No substitute letter, if required;
- Specific DND forms, if required.

**Note:** PSPC has requested that all attachments to the form be sent in an electronic format for release to bidders. For attachments not in electronic format, DND will be responsible for providing all the copies required by PSPC for distribution to prospective bidders.

#### b) **Update the procurement file**

The PA updates the procurement file and inserts a copy of the Basic Support Document (BSD) and the approved 9200 requisition or amendments.

#### c) **Record financial transactions**

The PA enters the pre-commitment for the total value of the 9200 (less GST/HST), cash phased if required, in the Defence Resource Management Information System (DRMIS).

d) **Update the procurement plan**

The PA validates the procurement milestones identified in the procurement plan and updates it if required. For more information refer to PAM [3.1.4](#) Procurement Milestones.

e) **Hasten PSPC for contract award**

The PA is responsible to:

- obtain a status of the procurement from the assigned PSPC Contracting Officer
- hasten the PSPC Contracting Officer if required.

References:

- [PAM 3.1](#) Develop the Procurement Plan
- [PAM 3.4](#) Create the Contract / Procurement File and the Basic Support Documents

### **3.3.11.9 9200 Amendment Process**

When requested by the TA, the PA raises an amendment to the 9200 requisition whenever it is necessary to change the funding, and/or the content prior to contract award, or after contract award to request a contract amendment from PSPC .

To raise an amendment to the 9200 requisition, the PA must:

- Complete the 9200 amendment as described in PAM [Annex 3.3.11.A](#)
- Circulate it for approval as described in [PAM 3.3.11.7](#)
- Obtain approval as described in PAM 1.4.3

Amendments that result in an increase of 30% or more of the original value of the 9200 requisition may indicate a high-risk contract amendment. The resulting amended contract is subject to special annual reporting.

For high risk amendments the PA must:

- Maintain a list of;
  - reasons for the amendment (for example: financial increase, change to scope, change to schedule);
  - monetary value of the amendment (original contract value, value of the amendment, revised contract value);
- Retain this list on-site until DMPP issues a call-letter for the report to MA&S Oversight Committee.

Reference:

- [PAM 5.5](#) Change Process and Amendments

### 3.3.11.10 9200 Amendment Process

Each option must be exercised separately for every option that is included in the contract. The process is as follows:

- The TA must advise the PA **before** the end of the contract period that an option must be exercised.
- If the PA is not the RC Manager, the RC Manager must provide the financial coding, and FAA section 32 approval to the PA.
- The PA must:
  - Advise the CA that an option is required and must be exercised;
  - Provide the financial coding and the funded budget for the required option;
  - Complete the 9200 amendment as described in PAM [Annex 3.3.11.A](#)
  - Circulate it for approval as described in [PAM 3.3.11.7](#)
  - Obtain approval in accordance with [PAM 1.4.3](#)

Amendments which call-up an option in a contract are considered administrative if the original requisition was approved by an individual with the delegated procurement initiation authority for the full requirement including the value of the option(s).

However, this authority may be restricted by the individual signing the original document as a standard for their organization or on a case by case basis.

The CA will amend the contract (extend the contract period and increase the budget as required).



### ANNEX 3.3.11.A Instructions to Complete the [9200 Requisition Form](#)

Complete the 9200 requisition form (Requisition for Goods and Services and Construction) as follows:

Block Description	Instruction
PSPC Office Address	<p>Departments may now specify on their requisition which PSPC office they prefer to handle their requirement - Headquarters, a Regional Office, or the international/Europe office. The exceptions are Major Crown projects, advertising, bulk buys for fuel and vehicles and COLOG/foreign military sales/United States (U.S.) government agencies. These are still processed by PSPC headquarters.</p> <ul style="list-style-type: none"> <li>Submit requisitions to be processed at PSPC's headquarters to the Central Allocations Unit of the Procurement Operational Support Division:  PSPC-Central Allocations  Place du Portage, Phase III 11 Laurier Street Gatineau, Quebec K1A 0S5 Fax (819) 956-5175 Phone (819) 956-5156</li> <li>Submit requisitions to be processed in the regions to the specified PSPC Regional Office: <ul style="list-style-type: none"> <li><a href="#">Pacific</a></li> <li><a href="#">Western</a></li> <li><a href="#">Ontario</a></li> <li><a href="#">Québec</a></li> <li><a href="#">Atlantic</a></li> </ul> </li> <li>Submit requisitions for requirements in Europe, Africa and Asia to <a href="#">PSPC Koblenz Office</a>.</li> </ul>
Amendment No.	<p>For the original 9200 requisition, enter ORIG.</p> <p>For an amendment to the original 9200 requisition, enter the next sequential amendment number beginning with 1.</p>
Increase/Decrease	<p>This block is used for an amendment that includes a funding increase or decrease relative to previous funding. Indicate whether the amount is an increase or decrease and include the GST/HST.</p>
Previous Cost	<p>Enter the total funding from the current funding block on the original or previous amendment.</p>
Current Funding	<p>Enter the total amount, including the previous amount plus or minus the amended amount and the relevant GST/HST.</p> <p>Note: The total amount is the sum of the value of the firm contract plus the estimated value of all funded contract options (exclude estimates of unfunded</p>

Block Description	Instruction
	options).
Accounting Office Code	Enter the five-character code, as shown in the PSPC customer address directory identifying the accounting office responsible for paying the invoice/claim.
Requisition Number	Enter the requisition number.
Client Reference No.	Enter the client reference number.
Originator	Enter the name of the originator of the 9200 requisition.
Address Inquiries to	Enter the address and phone number of the originator.
Confirmation with PSPC/Buyer name	If the PA has already spoken with a PSPC Contract Officer who will handle this file, specify the type of confirmation and the buyer's name.
Financial Codes	Enter the financial code(s) for the procurement and the code for GST/HST.
Amount	If there is more than one financial code in the Financial Code block, enter the corresponding dollar amounts for each code.
Destination	Enter the complete shipping address for delivery, including postal code. If shipping to more than one address, insert "as per consignee addresses listed within" in this block, and add the complete addresses on the 9200 form for each consignee.
Invoices	Enter the complete and clear address with postal code to which the invoice/claim is to be mailed. If items are to be shipped to more than one consignee and you wish to have a separate invoice sent to each consignee, insert "as per consignee addresses listed within" in this block. Separate invoices will be forwarded to each consignee address as shown on this form.
Inspection Agency	Select the correct box.
Quality Assurance	Select the correct box.
Item Number	Enter an item number when listing separate deliverables.
Reference Stock No. and Description	<p>When buying stock numbers or part numbers, enter the stock number, complete description and all acceptable part numbers.</p> <p>When buying goods or services other than stock numbers, enter a brief description of purpose of the requisition and a reference to the attached SOW.</p>
Date Required	Enter the date on which DND requires delivery. This date should take into consideration the normal procurement lead time for the item and the urgency of the

Block Description	Instruction
	customer demand.
Consignee Code	Enter the five-character code, as shown in the PSPC customer address directory, identifying the consignee where the goods/services will be delivered.
Unit of Issue (U of I)	For stock codes, enter the unit of issue that exists in the DRMIS.
Quantity	Enter the purchase quantity.
Estimated Cost	Enter the estimated cost (without GST/HST) for the total quantity.
Quality Assurance Code	Include the QA code and quality assurance requirements in the procurement documents.
Previous Quantity and Unit Price	If known, enter the previous quantity purchased of this item and the unit price.
Previous Contract No. and Date	If known, enter the previous contract number and date.
Security (Signature mandatory)	<p>The TA must sign this block in <b>all</b> circumstances and for each 9200 Requisition Form.</p> <p>Answer the questions by selecting the correct blocks.</p> <p><b>Attach the SRCL defining the security requirements to the 9200 Requisition Form.</b></p> <p>In the case where the TA is located in a remote location, the following procedure is suggested:</p> <ul style="list-style-type: none"> <li>the PA fax the 9200 to the TA</li> <li>the TA signs the security block</li> <li>the TA fax the 9200 back to the PA</li> </ul> <p>In the case where there are multiple TA's, the following procedure is suggested:</p> <p>Each TA must:</p> <ul style="list-style-type: none"> <li>sign a "9200 Requisition - Security Certification Form"</li> <li>indicate beside their signature, all LOD/SOW item numbers they are responsible for and certifying for.</li> </ul> <p>Refer to:-</p> <ul style="list-style-type: none"> <li><a href="#">PAM 1.7</a> for more information.</li> </ul>
Special Instructions	1) Mandatory Information:

Block Description	Instruction
Mandatory Block	<p>PSPC Contract Distribution List:</p> <ul style="list-style-type: none"> <li>• PA's designation</li> <li>• DQA Contract Admin. (at <a href="mailto:ContractAdmin.DQA@forces.gc.ca">ContractAdmin.DQA@forces.gc.ca</a>)</li> <li>• TA's/PM's designation</li> <li>• Insert any other OPI's designation as required.</li> </ul> <p>2) Optional Information:</p> <p>Enter any additional special instructions for handling this requisition.</p>
Recommended by	<p><b>This information is optional in DND.</b></p> <p>It is recommended that it be used in the following manner:</p> <p>If the requisition is to be signed by a higher authority in the chain of command, this block should be signed by the next lower in command.</p> <p>For example of the requisition requires approval at the Director level, this block should be signed by the section head.</p>
Section 32(1) Signature	<p>The RC Manager for the budget who will be charged with the purchase, or someone designated by the RC Manager.</p> <p>This block may be annotated with 'see attached' if the RC Manager/Administrator has provided FAA section 32 approval and signature on an internal form. However, the PSPC CA may require that an actual signature be provide for this block.</p>
Approval Signature (Signature mandatory)	<p>This block will be signed by a person with the appropriate delegated procurement initiation authority in column 14 of the Delegation Instrument as well as their signed DoA form.</p>

### ANNEX 3.3.11.B Management of Out of country Inventory (Spares)

#### Aim

1. The aim of this instruction is to provide guidance and direction in the management out of country spares/inventory.

#### General

2. DND owned spares are those (Contract Issue Spares (CIS)) provided to an out of country Repair and Overhaul (R and O) Contractor, or purchased (Accountable Advanced Spares (AAS)) by the Contractor with contract funds in accordance with specified contractual terms and

conditions. As well, these spares can also contain Government Furnished Overhaul Spares that were salvaged by the Contractor as a result of on-going repair and overhaul work activities.

3. The Out-of-Country Logistics Statement of Work specifies that the Contractor will be held responsible to account for DND supplied spares but does not provide details of how the Contractor is to store the spares. This instruction provides PAs with some governance and guidance in this regard.

## Discussion

4. The spares (CIS, AAS and GFOS) are to be held separately at the Contractor's plant in a secure and physically segregated area and are to be used in R&O, Re-lifing or Modification of DND equipments only.

5. The PA shall initiate and complete a one hundred per cent (100%) manual stocktaking of in country RMAs, CRPAs(CIS), GFOS, AAS and Loan Accounts as a minimum once every two years in accordance with Chapter 8.5 of A-LM-184-001/JS-001. The PA will be responsible to monitor all stocktaking activity for in and out of country RMAs working with NDQAR for in country RMAs and OCRS in both depots for out of country RMAs. Refer to [Annex L](#) of [A-LM-184-001/JS-001](#) for step by step Process.

### ANNEX 3.3.11.C Third Line Repair and Overhaul (R&O) Requirements

This annex contains information on the following topics:

- Annex 3.3.11.C-1 Logistics Statement of Work (LOG SOW)
- Annex 3.3.11.C-2 Establishment of Third Line Repair and Overhaul (R&O) Support

#### ANNEX 3.3.11.C-1 Logistics Statement of Work (LOG SOW)

##### Preface

1. The Logistics Statement of Work (LOG SOW) is distributed on the authority of the Assistant Deputy Minister (Material) ADM(Mat)). It will be distributed, as required, internally to ADM (Mat) staff engaged in creating Repair and Overhaul (R&O) Contracts and Procurement Instruments (PI) and those who manage Repair and Overhaul Contracts.

This is a common LOG SOW which will entail contract conditions for Repair and Overhaul contracts for:

- **In and Out of country:** For step by step instruction on in and out of country repair process refer to Annex B in the A-LM-184-001/JS-001. This model will describe the roles and responsibilities in the end to end repair process.
- **Major Equipment:** For complete instructions on receipt of Major Equipment, refer to Chapter 2 in the A-LM-184-001/JS-001
- **Accountable Advance Spares (AAS):** For complete instruction on AAS, refer to Chapter 8.2.7 in the A-LM-184-001/JS-001

**This common LOG SOW is to be read in conjunction with the A-LM-184-001/JS-001 for additional information.**

It is important to understand the system of record (DRMIS) being used in DND and the various account structures in place. All of this information is located in Chapter 1.1 of the A-LM-184-001/JS-001.

2. In a memorandum issued by ADM(Mat) on the 14 April 2003 it was mandated that all procurement authorities /contract managers use the latest approved Logistics SOW for attachment to R&O contracts. Therefore, R&O contract requirements must include the above-mentioned LOG SOW. It is to be noted that the LOG SOW to be used primarily as a guide for R&O contracts. It is paramount that this LOG SOW be utilised with minimal changes for reasons of procurement standardization and departmental accountability. However, changes are permissible where there is a need to clarify specific requirements that would apply to equipment/weapon system undergoing procurement and contract action.

### **Aim**

3. The aim of this Section is to provide governance, direction and guidelines to be followed in the use of LOG SOW for procurement and contract support services for R&O requirements..

### **Role**

4. Part of the role and responsibility of the PA in raising requisitions for R&O contract support services is to ensure that this LOG SOW is attached to the requisition as a separate document(s) and guarantee that the LOG SOW is NOT TO BE AMALGAMATED TO TECHNICAL STATEMENTS OF WORK. A LOG SOW is to be evaluated separately as part of the overall stated requirement..

### **Discussion**

5. In reviewing the different types of R&O requirements, other than for ISSC and OWSM contract requirements which will be discussed later in this Section, PAs will find that most requirements will involve using this common LOG SOW for In and out of country repairs, Major Equipment or Accountable Advance Spares.

6. In order to assume the role stated at paragraph 4 above, it is essential that the PA becomes involved at an early stage of the requirement to ensure that all aspects impacting on R&O are considered. This is necessary in view of the lead times involved in establishing R&O contract support, validating the requirement for CIS and AAS beforehand as required, discussing the basis of payment methodology with LCMM and PSPC to ensure that it is the most cost effective approach to be used for the type of repair work involved as well as the method of payment that reflects the risk.

7. PAs are required to conduct a detailed analysis, with the assistance of the PM/LCMM and other applicable stakeholders, of the rationale supporting the requirement for the Crown to provide contractors with AAS contract funding. There are numerous elements that are required

to be carefully analysed before acquiescing to contractor requests for AAS spares contract funding. These elements are:

AAS only to be authorized on an exception basis and that the analysis must demonstrate that the parts are:

- i. not catalogued in DRMIS;
- ii. non-commercially available;
- iii. peculiar only to military application; and
- iv. long-lead time to purchase (with delivery in excess of 12 months after receipt of order)
- v. high value to purchase that would be injurious to the Contractor

8. In carrying out the review of pros and cons on AAS, PAs should develop a strategy to eliminate, or at least to reduce at a bare minimum, the need to provide contractors any spare parts be them AAS or CIS, as well as Loaned equipment if the latter can be accommodated by the contractor via supply arrangements between industry. A cost-benefit study should clearly demonstrate the advantages to the department and the Crown in continuing to supply contractors with materiel on the long term (5 years and over), otherwise an action plan should be developed to significantly scale down, or to eliminate materiel supplied to contractors over the first term of the R&O contract (from 3-5 years).

### **In-Service-Support Contract (ISSC) and Optimized Weapons System Management (OWSM)**

9. ISSC AND OWSM Contracts are more all-encompassing and far more complex than the traditional R&O contracts. It is to be noted that although ISSC and OWSM contracts are all-encompassing and fully integrated Government/industry contracting approach in supporting equipment-weapon system platforms, their overall work activities coverage fall under the category of Repair and Overhaul services as defined by TB (refer to [PAM section 3.1.8.5](#)). As a result, these contractual approaches must include the provisions contained in the LOGSOW in one form or another to safeguard the Crown and save it from possible litigious and financial cost recovery actions from an asset accountability and probity perspective.

### **10. Special Requirements to Include in the 9200 Requisition for a 3rd Line R&O Contract**

Refer to the [Logistic statement of work \(LOG SOW\)](#) that will list the specific information to include in the 9200 requisition:

Use the LOG SOW as a guideline and adjust the content to meet the requirement of the particular equipment intended for repair.

The A-LM-184-001/JS001 has to be used for full explanation of each condition appearing in the LOG SOW. It will provide elaborate special instructions for Canadian contractors and must be called up in the 9200 requisition as a required publication to be used by the Canadian contractor. It contains information on DRMIS transactions that must be used to update the inventory records, carry out stocktaking's etc.

## 11. References:

- A. [Procurement Administrative Manual \(PAM\) 3.3.11](#)
- B. [A-LM-184-001/JS-001 Special Instructions for Repair and Overhaul Contractors](#)

### **ANNEX 3.3.11.C-2 Establishment of Third Line Repair and Overhaul (R&O) Support**

#### **Preface**

1. The process involved in establishing 3rd line Repair and Overhaul (R and O) support services is a multi-dimensional, multi-faceted activity that requires careful planning, resources and time. Very often, given the complexities of modern procurement methodologies and corresponding industry baseline support capacity and capabilities, it is paramount to seek departmental and interdepartmental approvals to proceed with an R&O project. This is even more important because of in-service high-level funding that is required to cover lengthy contract maintenance periods that are generally applicable to R&O contract requirements, and the potential impact on industrial regional benefits and the compliance with various Trade Agreements. Therefore, this procedure must start very early in the procurement process framework and is normally identified at the SS(PPA) in the capital procurement phase of the equipment, and involves key procurement, supply and technical staff input. The R&O Procurement Authority (PA) must be cognizant of the various Capital Procurement Program planned and undergoing initiatives for their respective service environment. In addition, PAs must also work very closely with their Capital Procurement counterparts, as applicable, involved in procuring goods and services under Major Crown Projects (MCPs), Capital Miscellaneous Requirement (MRs) as well as Research and Development (R&D) initiatives. This is to ensure that R&O support services contracts are in place at the time of delivery of the first systems/equipments that will require in-service support. The range of activities involved in the above-mentioned support requirements are numerous and range from simple to very complex.



## Aim

2. The aim of this Section is to provide governance, direction and guidelines to be followed when establishing 3rd line R&O support services for new weapons systems and for new support equipment acquisitions.

## Role

3. Part of the role of the PA is to ensure that a 3rd line R&O support capability is established for new weapons systems and new support equipment acquisitions when the project maintenance philosophy has identified 3rd line R&O support by Contractor, for the type of repair services required and by the date specified by the Project Manager/Equipment Management Team (EMT). In so doing, PAs act as advisors to the Project Directors/Managers reminding them of the various factors to be considered when establishing R&O support, including the average procurement process lead times which can be expected and the requirement for capital funding to cover initial set up costs. PAs will also monitor and coordinate all activities related to the acquisition of R&O capability for these new equipments.

## General

4. The PA should be familiar with the contents of references A through F. More specifically, knowledge of the various stages of project progression as described in reference C is essential in order to ascertain the status of the acquisition process for the equipment in question and to determine the degree of input required with respect to the establishment of R&O support.

5. Briefly, the [Project Approval Directive \(PAD\)](#) is the established procedure used for Capital Acquisition Projects. The results of these activities are required for all Capital projects, with the exception of MRs and R&D initiatives. MRs are addressed at paragraph 5 here under; and R&D is addressed at [Appendix E](#). The PAG is divided into 3 phases:

- a. Synopsis Sheet (Identification) or SS(ID).
- b. Synopsis Sheet (Preliminary Project Approval) or SS(PPA).
- c. Synopsis Sheet (Effective Project Approval) or SS(EPA).

6. MR projects are defined as a Capital acquisition generally intended for a one-time acquisition of new equipment or materiel where the total project value does not exceed \$5M. Recurring acquisition refers to routine continuing renewal of a fleet or inventory with similar capability on a one-for-one replacement basis (e.g., vehicles, IT equipment and furniture). The replacement of a capability, even if scheduled over several years, will be undertaken as a Capital project. Procurement strategies for MR projects over \$2M are to be reviewed for Industrial and Regional Benefit (IRB) potential by a Procurement Review Committee (PRC) prior to approval. Because MR projects are considered low risk, they can follow a streamlined process of identification, approval and implementation/acquisition (SS(MR)/SS(EPA). MRs over \$5M are staffed as capital projects.

7. Ideally, R&O involvement in a project should begin at the SS(ID) Project Phase, but should not go beyond SS(PPA). It is normally at the point of SS(EPA) approval that the Project Director turns the project over to the Project Manager. Thus, early involvement in the project by the PA is paramount if a workable R&O contract is to be in place in time to support the equipment/system when it is put into service. The PA must remind Project Directors/Managers of the need to identify project funds for initial R&O set up costs and person year (PY) requirements as applicable. This must be done prior to final Project approval. The PA will also need to obtain an estimate of the incremental cost of on going R&O from the PD/PM to ensure that this requirement is identified in estimates, business plans and inputs to forecast reviews of spending in future years.

8. Once a project has been approved, the contracting process kicks in which typically could take up to two years to come to fruition, and up to four years for some projects of a larger scale. It is during that time that it is extremely critical that R&O PAs liaise with their Capital procurement counterparts to address how the equipment/systems will be supported during the initial implementation phase and beyond. As a minimum, the Capital project should produce maintenance plans, equipment family tree which shows all sub systems within the major equipment being procured. In addition, it is at that juncture that questions such as proprietary rights, transfer of technology, in-house versus industry support, special tools and test equipment, maintenance documentation, product warranty, vendor reporting requirements for warranty work/claims, etc., become paramount in the successful implementation of any 3rd line R&O support capability. Ideally, Capital Acquisition Contracts should be responsible for the first two years of R&O support through their prime Contractor, with an option to extend the contract support by another three years, at that juncture to be transferred over by the NICP R&O group (as applicable). This transition contract will allow time to validate information such as forecast arisings, maximum repair cost, availability of technical data, etc. and **sufficient time** to allow for the timely renewal of the contract to steady-state.

## Methodology

9. In order to assume the role stated at paragraph two above, it is essential that the PA becomes involved at an early stage of the project to ensure that all factors impacting on R&O are considered. This is necessary in view of the lead times involved in establishing long term R&O contract support which includes, but is not limited to, ensuring the project is afforded the necessary funding level, obtaining departmental/interdepartmental approval on the sourcing strategy, raising and staffing a requisition, preparing and issuing of a Request for Proposal (by PSPC), evaluation of proposals, and finally, contract award could require as much as 12 24 months, and even more time depending on the size and complexity of the requirement. In addition, once the R&O contract is let, achieving full R&O capability could take as much as three years, depending on whether special tools, test equipment and spare parts need to be procured by DND for loan to the Contractor or by the Contractor on our behalf.

## Initial Action

10. As new Capital projects are identified and require input on R&O requirements, Divisional Procurement Section Heads will task a Sub-Section Head, and/or assign a PA to review the project to ensure the points raised at paras 5 to 7, as well as the applicable Appendices

attached have been satisfactorily covered and considered. Once the Sub-Section Head, or the PA has been assigned, a memo (or an e-mail) is to be forwarded to the Capital Project PD/PM/PA advising them of such and requesting a meeting to discuss the project from an R&O perspective. A copy of the memo or e-mail should be held on file (RDIMS) for information purposes and future references.

11. The nature, value and complexity of a project will determine the level of involvement required. However, whether or not the Sub-Section Head is personally involved in the necessary meetings/discussions with the PD/PM or their staff, it will remain the Sub-Section Head's responsibility to ensure that all pertinent factors related to the establishment of 3rd line R&O are identified and addressed. In that context, while the following paragraphs refer only to the duties of the PA, they actually also define the responsibilities of the Sub-Section Head.

12. When assigned a new R&O project, the PA should read up on [Appendix C](#) and [Appendix D](#), and shall:

a. Contact the PD/PM/PA (PA for Capital Acquisition) and obtain the necessary information to complete, as required, the R&O Project Status Report at [Appendix A](#).

b. Request copies of the following documents from the PD/PM:

- (1) SS(ID), SS(PPA), SS(EPA), TBS, Project Brief/Charter/SOR as required;
- (2) Capital Acquisition Requisition;
- (3) Contract (depending on the phase of the project);
- (4) R&O Maintenance Plan, if separate; and
- (5) ILS Specifications.

c. Attend or convene a meeting with the PD/PM to ensure:

- (1) That 3rd line R&O requirements are being addressed.
- (2) That the PD/PM is aware of possible lead times.
- (3) That a full R&O capability milestone date has been established.
- (4) That the capital procurement Requisition contains a clause that addresses the requirement for the supplier to identify special tools and test equipment being procured.
- (5) That the capital project will include, if possible, an Initial Support Period of approximately one to two years.

(6) That Capital project funding has been identified for 3rd line R&O set up costs (including an initial lay in of piece parts) as applicable.

(7) That the Capital procurement contract for the Prime Equipment ensures that all necessary technical data for in service support R&O will be available when needed. This data is extremely important and unrestricted access and availability is mandatory.

(8) That the incremental costs of on going R&O have been, or will be defined for inclusion in the NP Estimates ([Appendix B](#) may be used as a guide).

(9) That a potential source for R&O is identified early in the project.

d. If additional Full-Time Equivalents (FTEs) are going to be required to support this new acquisition, ensure that project documentation adequately reflects the personnel requirements needed to manage R&O. The number of FTEs and duration will be determined in consultation with the project staffs and based on prior experience. In any event, the Sub-Section Head will obtain the agreement of the Section Head prior to confirming this requirement.

e. Depending on the phase of the project at the time of assignment, contact the Capital PA to ensure that a copy of the draft Requisition is reviewed prior to its submission to PSPC. It is import to note that any issues on the content of the requisition that could impede upon the effective and timely implementation of in-service R&O support are to be immediately brought to the attention of the Sub-Section Head, or Section Head for resolution.

f. Create a project file containing all relevant documents and correspondence.

## Financial Control

13. The PA is responsible to ensure that adequate funds to cover R&O requirements for assigned projects are identified in the Estimates, covering a period of five years. It will therefore be necessary to:

a. Liaise with the PD/PM/PA to ensure that R&O costs have been established for year one and subsequent years.

b. If necessary, assist in the preparation and estimation of these R&O costs ([Appendix B](#) may be used as a guide).

**Note:** Many factors must be considered when estimating repair costs. Such costs may be higher or lower in the early years (depending on the set up arrangement) than in subsequent years when the system goes "steady state". Also the need for an initial lay in of AA spare parts if not funded by the capital project, the reliability of electronic systems, lower or higher usage rates, the experience of first and

second line maintenance personnel, and the need for special tools and test equipment all impact on R&O costs.

- c. Monitor the progress of the project to ensure that funding requirements are in line with the transition point to the in service stage.
- d. Ensure additional funding to support the new R&O Project is identified and included in the applicable FY's estimates and cash forecast reviews.
- e. Prepare cash forecasts and estimates submissions as required, with full substantiation.
- f. Ensure the applicable Project OPIs are available to support the additional estimated funding at cash forecast screenings.

### Follow-on-Action

14. In addition to the above, the R&O PA may be required to carry out all or some of the following activities:

- a. Review and comment on the Project Charter.
- b. Review and comment on the SS(ID)/SS(PPA)/SS(EPA)/Project Brief/TBS.
- c. Review and comment on the Maintenance Support Plan
- d. Prepare an R&O plan (see sample attached at [Appendix C](#)).

**Note:** The R&O plan at the SS(PPA) phase cannot be prepared unless the maintenance philosophy and Maintenance Support plan have been published.

- e. Review and comment on the Transition Plan (to the in service stage)
- f. Attend project progress meetings as required.
- g. Obtain a copy of the Approved Maintenance Plans, if available, to verify that third line spares, tools and test equipment, Mean-Time-Before-Failure (MTBF) dates, etc. are addressed.
- h. Coordinate the evaluation of proposals submitted by potential R&O Contractors and coordinate replies to the Project Team, or PSPC as applicable.
- i. Manage the R&O contract until such time as the Contractor has achieved a full repair capability which involves the following:

- (1) Monitor contract set up procedures and provide assistance if required.

(2) Define and provide assistance in establishing an Accountable Advance for the procurement of 3rd line, non catalogued spare parts or a CRPA for Contract Issue spares (CIS) as per Reference F.

(3) Monitor progress toward achieving full repair capability.

(4) Monitor the flow of repairables and the Contractor performance for repair work for which he does have capability.

(5) Monitor and control the NP funds allocated to the R&O contract.

**Note:** The lead times required to obtain a repair contract and a full repair capability mentioned earlier should be kept in mind in order to respect established milestones and ensure timely support of the weapons system.

## 15. References

- A. Concept of Operations Level Three Maintenance – Repair and Overhaul
- B. Procurement Administrative Manual (PAM)
- C. Project Approval Guide (PAG)
- D. MMI 1500 Repair and Overhaul
- E. CFAO 36 45 Criteria for Decisions to Retain Third Line R&O in Canada
- F. [A-LM-184-001/JS-001](#) Special Instructions for Repair and Overhaul Contractors

### **ANNEX 3.3.11.D Professional Services Contract**

For information about when to use a Professional Services contract and the need to examine alternative HR options, see PAM 3.1.1.1.4.

#### **Special Requirements to Include in the 9200 Requisition for a Professional Services Contract**

The PA must ensure the following information appears in the 9200 requisition for Professional Services, if it is not sufficiently described in the PSPC general terms and conditions.

##### **1. Travel**

Specify whether, under the terms of the contract, the contractor/consultant will have to travel as part of doing the work. Also state that all travel must be approved in advance by DND and that the contractor must supply receipts along with the invoice/claim for reimbursement in accordance with the terms and conditions of the contract.

##### **2. Provision of DND Equipment/Facilities**

Specify any DND equipment/ facilities that will be provided to the contractor/consultant and call up supporting loan clauses.

##### **3. Non-Disclosure Agreement**

The contractor shall not, without the prior written permission of the PA, disclose to anyone, other than an employee or a subcontractor with a need to know, the information or documentation it has access to during the performance of the work under the contract. The PA will include in the 9200 requisition a statement that the contractor, prior to commencing the work under the contract, shall ensure its employees or subcontractors who will be performing work under the contract or who are provided access to the work to sign a Statement of Non-Disclosure (see example in PAM Annex 3.3.11.D, [Appendix 1](#)) prior to being given access to any such information or documentation.

#### **4. Employer/Employee Relationship**

The DND RC Manager/TA or originator of the requirement must ensure that an Employee/Employer relationship will not be created by this requirement. See the [Canada Revenue Agency site](#) for more information.

For all requests, the PA must:

- Ensure that the TA has completed, signed and submitted the “Contracting with an Individual” form;
- Review this form to ensure that an employer-employee relationship will not result from the contract especially if the payments are not based on defined deliverables; File a copy of the form in the contract file;
- Submit this form to PSPC as an annex to the 9200 requisition form.

#### **5. Training**

Specify how training will be handled for this requirement.

**Note:** DND is not to provide training to consultants unless it is beneficial to the Crown. Consultants are expected to have the necessary knowledge to perform the tasks for which DND retains their services. However, in some cases, DND may be using an in-house software program and it would prove beneficial to train the consultant at DND’s cost. In such cases, the contractor shall bear any transportation or accommodation costs for their employee while on training.

#### **6. Replacement Personnel**

Specify the acceptance criteria for replacement personnel:

If the contractor is unable to provide a specified individual listed in the contract, the contractor must provide a replacement of similar ability and bring that person up to date on the job without any additional cost to DND;

Prior to personnel replacement, the contractor must inform DND in writing of the reason for replacement and provide the necessary information pertaining to security clearance and job-related ability.

#### **7. Time Sheets for Consultants**



Include the requirement for time sheets to accompany all invoices or claims received from contractors for the services of consultants paid on a per diem basis.

**Note:** Time sheets are used to substantiate the time the consultant claims to have spent to perform a task. The TA is responsible for verifying the time sheets for accuracy. Time sheets help quantify the time spent performing a task. DND employees **shall not** sign time sheets, since this could be construed as creating an employee/employer relationship.

## 8. Intellectual Property

Ensure DND is given the right "to use and have use of" materiel developed by the contractor/consultant, including computer programs and related software documentation, for future in-house modification by DND or by a third party contracted by DND.

## 9. Acceptance of Deliverable

Describe when acceptance of the deliverable (of professional services) will take place and who in DND is responsible for accepting the deliverables. The acceptance should be tied to a clear deliverable identified in the requirement/SOW.

## 10. Controlled Technology Access and Transfer (CTAT) - Controlled Goods and/or Controlled Technology

Under the Defence Production Act, contractors who have access to controlled goods and/or related technical data in Canada must be registered with the [Controlled Goods Directorate \(CGD\)](#) at PSPC. However, some contractors (and their employees) can be exempt from registration (i.e., U.S. firms registered under the ITAR) or can be excluded from registration (i.e., Government of Canada Crown Corporations).

Contractors with:

- unrestricted access to the DWAN/DIN, and/or
- unescorted access to areas containing controlled goods,

are deemed to have access to controlled goods and are required to register with the CGD, unless they are either exempt or excluded from CGD registration.

The CTAT Office may grant exceptions to the requirement for certain contractors with unescorted access in a DND facility with controlled goods to be CGD registered (i.e., housekeeping contracts during daytime).

Contractors must obtain and maintain their registration with the CGD for the duration of their contract. A contractor's registration with CGD only covers its own employees. If the prime contractor has one or more subcontractors, each of the subcontractors involved with controlled goods must also register with CGD to cover their own employees. Failure to obtain or maintain the necessary CGD registration can result in a contract not being awarded, being suspended or cancelled.



The PA is responsible for confirming the contractor's and sub-contractor's CGD registration number and expiry date prior to the work being allowed to start.

In the documentation sent to the PA with the SOW, the TA must:

- Confirm whether the contractor will require access to controlled goods and /or the DIN during the performance of the contract;
- Confirm whether the contractor will need to have access to controlled goods and/or the DIN during the bidding process;
- Identify any re-transfer restrictions on controlled goods that will be provided to contractors for the bidding process or completion of work.
- Due to international contractual agreements (notably with contractors from the U.S. and France), DND must ensure that proper prior approval by applicable authority is sought before allowing the re-transfer of controlled goods of certain foreign origins to a contractor/sub-contractor.

For more information about controlled goods and the Controlled Technology Access and Transfer (CTAT) Program within DND, refer to the:

- [CTAT](#) website and select the “How do I procure?” tab;
- CTAT Help Desk at: (819) 994-8597 or toll free at: 1-877-596-4827.

## 11. Work Location

The PA, with the help from the TA, must identify the work location and the requirements associated with it:

- Working On-Site (DND): the contractor must initiate a Visit Clearance Request (VCR) prior to the consultant's arrival.
- For access to the DIN/DWAN, the consultant will need to be registered under the CGD (refer to section 10 above).
- Working at the Contractor's Facility: if access to the DIN/DWAN is required, the consultant will need to be registered under the CGP (see section 10 above).
- If any data to be provided to the consultant is classified as Protected and above, then the contractor's facility requires an area that will properly safeguard the documentation.
- Working from Home: If the consultant works from home and any data provided is classified as Protected and above, then the consultant's home requires the capability for safeguarding the documentation.

## 12. Multi-year Contract

The PA and the TA must consider the possibility of establishing a multi-year contract when it is an economic advantage to the department.

A multi-year contract consists of two parts:

- A firm period:
  - This period is usually for 12 months or more;

- The period is firm;
  - The budget is funded for all this period.
- Option period:
  - Each option period is usually for a period of 12 months;
  - The contract may include several option years;
  - The budget for each option year is unfunded;
  - An estimated budget must be identified for each option period.

The process is as follows:

The PA will forward the requirement to the CA.

The CA will compete the requirement and award the contract for the firm period. The contract will include the option years.

At the end of the firm contract period, there are two options available to the TA:

- **To exercise an option period**

Each option year must be exercised separately for every option year that is included in the contract. The process is as follows:

- The TA must advise the PA **before** the end of the contract period that a one-option period must be exercised.
- If the PA is not the RC Manager, the RC Manager must provide the financial coding to the PA using the Section 32/34 form.

The PA must:

- Advise the CA that an option period is required and must be exercised;
- Use an amendment to the 9200 Requisition Form ([PAM 3.3.11.10](#));
- Provide the financial coding and the funded budget for the option year.
- The CA will amend the contract (extend the contract period and increase the budget accordingly).

- **To end the contract**

If the contract is no longer required, then the contract will be allowed to expire at the end of the firm period, and the option years will not be exercised. The contract is completed and must be archived ([PAM 6.0](#)).

### 13. Statement of Former Status in Federal Government Form

For all requests involving the services of former government officials and members of the CAF, the PA must:

- Ensure that the company or the individual complete and submit the “Statement of Former Status in Federal Government” form;
- Review this form to ensure correctness (refer to [DAOD 3004-2](#));

- File the form in the contract file;
- Submit this form to PSPC.

**Note:** This form may be a part of the RFP and bidders are requested to complete the form, if applicable. Another option is to request the winning bidder to complete the form prior to contract award, if applicable.

## 14. References

For more information about Professional Services contracts, refer to:

- [Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#)
- TBS Contracting Policy:
  - [Service Contracts, Chapter 16](#)
  - [Former Public Servants in Receipt of a Pension or a Lump Sum Payment, Chapter 16, Paragraph 16.8](#)
  - [The Conflict of Interest and Post-Employment Code for Public Office Holders](#)
- TBS Values and Ethics Code for the Public Service:
  - [Post-Employment Measures, Chapter 3](#)

### ANNEX 3.3.11.D-1 Appendix 1

#### Non Disclosure Statement Agreement

I, \_\_\_\_\_, recognize that in the course of my work as an employee of \_\_\_\_\_ or subcontractor to \_\_\_\_\_, I may be given access to information and documentation which is proprietary to Canada or to third party contractor(s) as part of performing the Work pursuant to Contract Serial No. \*\*\*\*\* between Her Majesty the Queen in right of Canada ("Canada") as represented by the Minister of Public Services and Procurement and \*\*\*\*\* . For the purposes of this Agreement, information and documentation includes but is not limited to: any documents, instructions, guidelines, data, drawings, specifications, materials, advice or any other information whether received orally, in printed form, recorded electronically, or otherwise and whether or not labelled as proprietary or sensitive, that is disclosed to a person or that a person becomes aware of during the performance of the Contract.

I hereby agree that I shall not reproduce, duplicate, use, divulge, release or disclose, in whole or in part, in whatever way or form any information or documentation to any person other than a person employed by Canada on a need to know basis, and hereby undertake to safeguard the same and take all necessary and appropriate measures, including those set out in any written or oral instructions issued by Canada, to prevent the disclosure of or access to such information or documentation in contravention of this Agreement. Without limiting the generality of the foregoing, I understand and agree that information and documentation disclosed to me while performing work under the Contract is not to be used for any purpose except to carry out the Contract.

I agree that the obligations of this Agreement shall survive the termination or completion of the Contract.

I, \_\_\_\_\_, having read and understood the terms of non-disclosure acknowledge by signing below that I agree with and shall abide by those terms.

### **ANNEX 3.3.11.E Pre-Facilitated Contract (PFC)**

For information about when to request a PFC contract, see PAM 3.1.1.1.4.

For more information about how to request a PFC contract, see [PAM 3.3.3](#).

**Special Requirements to Include in the 9200 Requisition for a PFC**

For goods only:

1. Identify a guaranteed minimum quantity that will be ordered in each year and an optional maximum quantity that may be exercised through a contract amendment;
2. Request a range of delivery times to cover regular and expedited delivery turnaround, such as 24 hours from notification for operational requirements (note that expedited shipping will likely have a higher cost per item);
3. Identify if some deliveries will be sent directly to the customer in order to reduce DND inventory holdings;
4. Identify specific users who are authorized to send shipping notifications to the contractor (only in cases where the PA finds it more efficient for some users to satisfy their demands directly with the contractor without having to go through the PA office);
5. Specify the "PFC Order form" as the method to be used for notifying the contractor when a shipment is required and attach this form to the 9200 requisition;
6. Identify inventory trend analysis reports to help the PA manage the contract. This is particularly important if more than one user is authorized to consume this contract;
7. Specify off-ramps in the contract to manage poor service from the contractor or changes to DND's equipment program;
8. Specify the additional option years to be exercised through a contract amendment.

### **ANNEX 3.3.11.F Department/Project Standing Offer (SO)**

For information about when to request an SO, see PAM 3.1.1.1.4.

For more information about SOs, see [PAM 3.3.1](#).

**Special Requirements to Include in the 9200 Requisition for a Departmental SO**

- The scope of SO - is it to be national or regional;
- Applicable period for the offer;
- Probable consignee locations and codes;
- Inspection requirements;
- The required distribution of the offer (for example, the applicable ordering offices within the department);

- If applicable, a statement indicating if the estimated cost of individual call-ups is expected to frequently exceed the financial limits imposed by Treasury Board. In such cases, if a standing offer is still the best method of supply, it must be submitted to Treasury Board for approval;
- A statement indicating whether an individual call-up or the sum of all call-ups will exceed the CFTA, NAFTA, WTO-AGP, CETA and CPTPP thresholds;
- Any special requirement, such as security clearance of supplier personnel, transmission of confidential information, etc.;
- A list of goods or services with an estimate of the required quantity or level of effort;
- The applicable financial codes that DND must send to PSPC for a funded requisition;
- The total estimated expenditure of the requirement to be satisfied by the SO including all the option years and the GST/HST. PSPC will use this information to determine if certain trade agreements apply to this requirement.

### **Note on Applicability of Trade Agreements**

1. The applicability of the trade agreements (CFTA, NAFTA, CETA, WTO-AGP or CPTPP) to standing offers and supply arrangements depends on three factors:
  - a) Whether the department(s) for which the standing offer/supply arrangement is intended, is (are) covered by the agreements;
  - b) Whether the product or service is covered by the agreements; and,
  - c) Whether the total estimated value of all the call-ups against the standing offer/supply arrangement (which determines the total estimated value of the offer or agreement) is within the CFTA, NAFTA, CETA or WTO-AGP thresholds (see PSPC Supply Manual [3.50.5 Applicability of Trade Agreements to Standing Offers and Supply Arrangements](#)).
2. The total estimated values are determined **prior** to tendering, at which time it is identified whether or not any of the trade agreements apply. If they do apply, bids are solicited in accordance with the agreements.
3. Subsequent individual call-ups/contracts can be made off the standing offer/supply arrangement without considering trade agreement applicability.

### **ANNEX 3.3.11.G Departmental/Project Supply Arrangement (SA)**

For information about when to use an SA, see PAM 3.1.1.1.4.

For more information about SA, see [PAM 3.3.4](#).

### **Special Requirements to Include in the 9200 Requisition for a Departmental SA**

- The types and levels of expertise required to perform the services;
- The scope of SA - is it to be national or regional;
- Applicable period for the arrangement;
- Probable consignee locations and codes;

- Inspection requirements;
- The required distribution of the arrangement (for example, the applicable ordering offices within the department);
- A statement indicating whether an individual contract or the sum of all contracts will exceed the thresholds of:
  - Canadian Free Trade Agreement (CFTA)
  - North American Free Trade Agreement (NAFTA)
  - World Trade Organization Agreement on Government Procurement (WTO-AGP)
  - Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
  - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- Any special requirement, such as security clearance of supplier personnel, transmission of confidential or controlled information, a requirement to sign non-disclosure agreements, etc.;
- A list of services with an estimate of the required quantity or level of effort;
- Location where the services will be provided, if different from the contractor's facility.
- The total estimated expenditure of the requirement to be satisfied by the SA, including all the option years and the GST/HST, which PSPC will use this information to determine if certain trade agreements apply to this requirement.

### **Note on Applicability of Trade Agreements**

1. The applicability of the trade agreements (CFTA, NAFTA, CETA or WTO-AGP) to standing offers and supply arrangements depends on three factors:
  - a) Whether the department(s) for which the standing offer/supply arrangement is intended, is (are) covered by the agreements;
  - b) Whether the product or service is covered by the agreements; and,
  - c) Whether the total estimated value of all the call-ups against the standing offer/supply arrangement (which determines the total estimated value of the offer or agreement) is within the CFTA, NAFTA, CETA or WTO-AGP thresholds (see PSPC Supply Manual [3.50.5 Applicability of Trade Agreements to Standing Offers and Supply Arrangements](#)).
2. The total estimated values are determined prior to tendering, at which time it is identified whether or not any of the trade agreements apply. If they do apply, bids are solicited in accordance with the agreements.
3. Subsequent individual call-ups/contracts can be made off the standing offer/supply arrangement without considering trade agreement applicability.

### **ANNEX 3.3.11.H Task Authorization Contract/DND 626**

For information about when to request a task authorization contract/DND 626, see PAM 3.1.1.1.4.

For more information about the Task Authorization Contract/DND 626, see [PAM 3.3.2](#).

### **Special Requirements to Include in the 9200 Requisition for a Task Authorization Contract**

- a) The TA must specify in the SOW the scope of the work to be performed using “as and when requested” tasks. The TA must define the scope sufficiently to allow inclusion in the resulting contract for both the appropriate labour and resource categories and associated firm labour or per diem rates for each resource category.
- b) The TA should have sufficient knowledge of all work to be performed under the contract, including tasks, and be able to identify a reasonable estimated limitation of expenditure for the term of the resulting contract.
- c) The PA must include the following DND clauses in the 9200 Requisition Form:

#### **i Requirement for use of DND 626 Task Authorization**

This Requisition contains the requirement for DND to authorize the contractor to perform some or all of the work on an “as and when requested” basis using the terms and conditions of the contract. DND will issue a DND 626 Task Authorization to authorize the work to be performed. The requested DND threshold for each DND 626 is \$\_\_\_\_\_ [\[PAM 3.3.11\\*\]](#) including amendments. Tasks over this limit will be passed to the Contracting Authority for review and signature in the PSPC block on the DND 626 prior to release to the contractor.

#### **ii DND 626 Administrative Process**

The DND 626 will be used to authorize tasks under this contract using the following administrative process:

- The Technical authority prepares a SOW describing the task.
- The DND procurement authority submits the Task SOW to the contractor.
- The contractor reviews the Task SOW and provides a quote on the level of effort (LOE) to complete the task, to the procurement/requisition authority, using the rates established in the contract.
- The DND Procurement authority reviews the LOE quote with the technical authority and seeks approval to proceed.
- If the LOE quote is within the DND Task approval ceiling, the DND Procurement authority signs the DND 626 and forward copies to the contractor and the contracting authority.
- If the quote exceeds DND’s Task approval ceiling, the PSPC contracting authority must also sign the DND 626 prior to DND releasing it to the contractor.
- Amendments to the DND 626 require completion of a DND 626 amendment form. The DND Procurement authority approves tasks where the amended value is within the threshold established in the contract. The PSPC Contracting authority must sign any amendment that exceeds the threshold before the DND procurement authority releases it to the contractor.
- The contractor may not begin work before receiving the approved DND 626.



- Those are the minimum requirements to include; more may be added if required by the individual contract.

**Note:** Before issuing a task authorization contract, PSPC may need to ensure that specific reporting requirements will be addressed. These requirements will be discussed and agreed to by the DND Procurement Authority and the PSPC contracting authority prior to releasing the RFQ/RFP.

[\*] The amount listed here should be identified by the TA and represent the average expected limitation of expenditure for the majority of tasks. While the threshold is subject to negotiation between the PSPC Contracting Officer and the DND Procurement Authority, if it is necessary to change the threshold requested in the 9200 requisition, every effort shall be made to keep it at a level where the majority of tasks will still be approved by DND in order to maintain the efficiency of this administrative process and prevent duplication of effort between the two departments.

### **ANNEX 3.3.11.I Foreign Military Sales (FMS) Case**

For information about when to request an FMS case, see PAM 3.1.1.1.4.

For more information about FMS, refer to [PAM 3.3.8](#).

#### **Special Requirements to Include in the 9200 Requisition for an FMS Case**

The following is a list of recommended items to include in the 9200 requisition. This list is not exhaustive:

- Acceptance timeframe - the PA should consider whether the funding is available now to pay for the initial deposit or whether it is necessary to wait until the next FY to accept the Letter of Agreement (LOA);
- Model;
- Configuration (unique non-U.S. configuration requirements);
- Delivery Timeframe - all at once or spread over several years;
- Operations Concept;
- Maintenance Concept;
- Supply Concept;
- Initial Spares;
- Transportation;
- Training - whether training is required on the equipment;
- Waivers;
- Warranties - with the company only. The U.S. Government will not warranty anything. The U.S. DoD does not warranty any items or service. In the event that the U.S. DoD plans to contract out the requirement, the PA can ask the U.S. DoD to obtain a warranty on behalf of the Government of Canada. However, the total costs of this warranty will be passed on to DND for an FMS case;
- Lease of Equipment or Facilities;
- Site Survey - whether a site survey is required to determine if the site has the ability and facilities to:



- Land the plane,
- Secure the classified requirements,
- Repair the item, etc.

(List extracted from FMS workbook.)

For additional information, refer to [MMI 1324](#), Procurement from the US Armed Forces Other than Through Cooperative Logistics Annex C and Appendix 1, or contact [D Svcs C](#) the departmental focal point for Foreign Military Sales, for assistance in matters pertaining to FMS.

### **3.3.12 Procurement for Services Through ADM(Mat) Procurement Directorates**

Procurement Initiation Authority (PIA) is required to approve a request to ADM(Mat) Procurement Directorates and has been delegated to specific positions within the Department as per [PAM 1.4.3](#).

An individual must have delegated PIA authority indicated in column 14 of their approved DoA form in order to approve a request to an ADM(Mat) Procurement Directorate.

#### **3.3.12.1 When to Use an ADM(Mat) Procurement Directorate**

The PA should use an ADM(Mat) Procurement Directorate when the requirement is for services when all of the following are true:

- an existing contract vehicle (standing offer (SO), pre-facilitated contract (PFC), or supply arrangement (SA)) is not available or accessible
- the estimated value of the requirement is greater than the appropriate delegated contracting authority of the PA's L1 organization and within the delegated contracting authority of the an ADM(Mat) Procurement Directorate

#### **3.3.12.2 Prior to sending a Request to an ADM(Mat) Procurement Directorate**

Prior to submitting a contract request to an ADM(Mat) Procurement Directorate, the PA must ensure that all the supporting information for the requirement has been provided by the TA.

The PA is responsible to:

- review the content of the procurement plan including the procurement strategy as detailed in [PAM 3.1](#) Develop Procurement Plan
- ensure in the requirement has been reviewed for procurement as detailed in [PAM 3.2](#). Review the Requirement for Procurement

#### **3.3.12.3 Information Required for a Contract Request to an ADM(Mat) Procurement Directorate**

Information required for a contract request to an ADM(Mat) procurement directorate obtained during the planning and reviewing processes:

- Security
- Requirement Description
- Technical Data Package (TDP)
- Specific DND Forms
- Extent of Competition or Limited Tendering (Sole Source)
- Impacts of Trade / Government Agreements

- Basis of Payment
- Method of Payment
- Evaluation Criteria and Contractor Selection Method
- Funding
- Quality Assurance

The following sections elaborate on some of the above-mentioned information requirements.

#### **3.3.12.3.1 Technical Data Package (TDP)**

If the TA has identified a requirement to supply a Technical Data Package (TDP) to bidders during the bidding process or to the contractor when the contract is awarded, the PA must:

- Prepare the Request for Data Verification (RDV)(DND-654) form and send it to the TA for completion
- Submit the completed RDV form to [DSCO 4-3](#)

DSCO 4-3 is responsible for preparing the Design Data List (DDL)(DND 1011A).

The DDL provides a complete technical description of the documentation that will be released and ensures that the TDP is available when it is required.

Contact DSCO 4-3 for clarification, guidance and assistance on the RDV/DDI process.

References:

- [Defence Forms Catalogue](#)
- [CFTO C-01-000-001/AG-000 Technical Data Package What it is and How it is Put Together.](#)

#### **3.3.12.3.2 Specific DND Forms**

If the TA identifies a requirement for the contractor to complete and submit specific DND forms as part of the contract the PA will ensure copies of these forms are included in the request to the ADM(Mat) Procurement Directorate. DND forms are available through the [Defence Forms Catalogue](#).

Non-standard forms have to be provided by the TA.

#### **3.3.12.3.3 Evaluation Criteria and Contractor Selection Method**

If the procurement is competitive and will result in a Request for Proposal (RFP), the PA ensures that the request to the ADM(Mat) procurement directorate includes detailed evaluation criteria and contractor selection methodology.

See [PAM 3.5](#) Review and Contribute to the Evaluation for development of the evaluation criteria.

#### **3.3.12.3.4 Quality Assurance**

The PA must:

- include the QA code and quality assurance requirements in the procurement documents;
- ensure that the clause which relates to progress claim or invoices **DO NOT** specify that the supplier sends the original progress claim or invoice to the quality assurance representative. They do **NOT** sign any progress claims or invoices.

## Reference:

DQA directive change, dated 04 May 2009

### 3.3.12.4 Submitting a Request to ADM(Mat) Procurement Directorate

Requests are to be submitted to the appropriate supporting procurement directorate indicated in Table 1.4.A-A ADM (Mat) Procurement Directorates with Procurement Initiation Authority.

Contact the procurement directorate using of the following email addresses:

- DAP: [+DGAEPM Procurement requests - DGPPEA Demande d'achats@ADM\(Mat\) DAP@Ottawa-Hull](mailto:+DGAEPM Procurement requests - DGPPEA Demande d'achats@ADM(Mat) DAP@Ottawa-Hull)
- DLP: [+DGLEPM Contracting@ADM\(Mat\) DLP@Ottawa-Hull](mailto:+DGLEPM Contracting@ADM(Mat) DLP@Ottawa-Hull)
- DMarP: [+DMARP 5 Admin@ADM\(Mat\) D Mar P@Ottawa-Hull](mailto:+DMARP 5 Admin@ADM(Mat) D Mar P@Ottawa-Hull)
- DES Proc:
  - For Software: [+DES PROC 4-2@ADM\(Mat\) DES Proc@Ottawa-Hull](mailto:+DES PROC 4-2@ADM(Mat) DES Proc@Ottawa-Hull)
  - For Hardware: [+DES Proc 4-4@ADM\(Mat\) DESP@Ottawa-Hull](mailto:+DES Proc 4-4@ADM(Mat) DESP@Ottawa-Hull)
  - For Telecommunications: [+Des Proc 4-4B@ADM\(Mat\) DES Proc@Ottawa-Hull](mailto:+Des Proc 4-4B@ADM(Mat) DES Proc@Ottawa-Hull)
  - For Professional services: [+DES Proc 5@ADM\(Mat\) DESP@Ottawa-Hull](mailto:+DES Proc 5@ADM(Mat) DESP@Ottawa-Hull)
- D Svcs C:
  - CMP clients (D Svcs C 3): [+D Svcs C 3 Procurement - DC Svcs 3 Acquisitions@ADM\(Mat\) D Svcs C@Ottawa-Hull](mailto:+D Svcs C 3 Procurement - DC Svcs 3 Acquisitions@ADM(Mat) D Svcs C@Ottawa-Hull)
  - All others (D Svcs C 4): [+D Svcs C 4 Procurement - DC Svcs 4 Aquisitions@ADM\(Mat\) D Svc C@Ottawa-Hull](mailto:+D Svcs C 4 Procurement - DC Svcs 4 Aquisitions@ADM(Mat) D Svc C@Ottawa-Hull)
  - For RCO Pubs and Common (D Svcs C 5): + RCO Pubs and Common
  - For FMS and COLOG: + FMS and COLOG
  - For Pubs and Common Equipment (D Svcs C 5-3): [+D Svcs C 5-3@ADM\(Mat\) D Svcs C@Ottawa-Hull](mailto:+D Svcs C 5-3@ADM(Mat) D Svcs C@Ottawa-Hull)

### 3.3.12.5 Official Languages Requirement for the RFP Package

For all procurements that are posted on the Government Electronic Tendering Service (GETS), including ACANs, the RFP package must be available in both official languages to meet the Canadian Charter of Rights and Freedoms and the Official Languages Act (LOA), part IV, section 22.

As the GETS has a national scope, the linguistic preference cannot be determined.

The TA/PA is responsible for arranging for the translation the following documents:

- Statement of Work (SOW)
- Technical Specifications
- CDRL, DID
- Security Guide portion of the SRCL
- Bid Evaluation

- Contractor Selection Methodology
- Contract Terms and Conditions

**References:**

- [MGI 1-19](#)
- [DND/Director Official Languages](#)
- [Office of the Commissioner of Official Languages](#)

**3.3.13 Memorandum of Understanding (MOUs)****3.3.13.1 What is a Memorandum of Understanding?**

Treasury Board employs the term contractual arrangement and does not use the term Memorandum of Understanding. These terms will be used interchangeably in this section. A Memorandum of Understanding (MOU) is a written, non-binding, non-legally enforceable arrangement. MOUs are not to be considered replacements for contracts but are indicated for use where the legal status of the external party precludes the use of a contract.

DND has established a process under [DAOD 7014-0, Memoranda of Understanding Development](#) to guide to Sponsors, Resource Centre Managers (RC Mgrs) and contracting or procurement authorities considering the use of a MOU. The process involves the engagement of numerous stakeholders, including: JAG, ADM Mat, VCDS, ADM FIN and DND/CF LA. The DAOD does not grant a new authority. An existing authority is used to meet the defence service program obligations.

There is no specific authority to approve MOUs in the DND delegation matrix. The following outlines the steps a RC Mgr, Sponsor or contracting authority must follow if they are considering the use of an MOU as part of an acquisition.

**3.3.13.2 Acquisition under a MOU**

A Sponsor, RC Mgr or Contracting Authority may consider the use of an MOU as part of a procurement strategy to acquire goods or services. However, there are limits to be applied. These are described in the TB Guidelines on [Guidelines on Contractual Agreements](#). When an acquisition occurs under the MOU, the agreement must be approved by a contracting authority. What is an acquisition?

Generally speaking acquisition involves a payment and the transaction includes and exchange for: goods, services, leases, memberships, user fees, tolls, training services, research and development services, acquiring Prototypes, and test and evaluation services. This list is not considered exhaustive.

Acquisition does not include: information exchanges, payments made as Grants or Contributions (other expenditure and financial approvals apply, see the FAM for more details), Transfer Payments where under support is provided to DND from another federal department that is reimbursed for its costs or in joint objectives (see the FAM for more details.), CAF personnel exchanges and placements with a foreign military, use of DND resources in the provision of services. This list is not considered exhaustive.

### 3.3.13.3 Use of a MOU under a Procurement Strategy with an eligible participant

The use of MOUs under a procurement strategy is indicated where there is to be an agreement to cooperate or collaborate in an acquisition, a project, a program or similar undertaking with an eligible participant. Generally the agreement is limited due to the legal status of the participant and the nature of the obligation. In other words a contract is not indicated for use because DND cannot enter into binding agreement with the other participant. In some instances, another type of contractual arrangement may be indicated for use. MOUs are indicated for use in an acquisition between DND and the following eligible participants:

- A Canadian Federal Government Department or Organization identified under Schedules I, II of the Financial Administration Act.
- Canadian Territorial Government Department administered by a Federal Department
- A Foreign Government Department
- An International Treaty based organization

When considering an acquisition from a participant who is not listed above and a contract is indicated, the established procurement processes are to be followed. Should unique instances or participants arise, a consultation with Department of National Defence/Canadian Forces Legal Advisor (DND/CF LA) is required, the key considerations to be examined include:

What are you paying for?

Who directly benefits and who will use it?

Who are you paying?

Who is making the payment?

What is the source of funds?

Do you have the requisite authority to engage in the activity?

### 3.3.13.4 Approvals required for MOUs involving an acquisition

There are several approvals involved with an acquisition, including:

- i. Expenditure Initiation Authority

[Expenditure Initiation authority](#) is required for all program expenditures and procurement activities. In all cases a RC Mgr's discretion to spend funds for a specific purpose is subject to limitations even where unencumbered funds may be available in a budget.

- ii. Financial Authority to commit funds (s.32)

The MOU sponsor and RC Mgr must be able to identify the amount of funds that will be expended under the MOU even if the expenditures are borne in whole or in part by multiple organizations. Certain other restrictions may be imposed with regards to the approval and the reporting by the application of policies, these may not have been included in a [person's delegation](#). For example: contract authority approvals, event approval, hospitality approval, temporary duty, tasking orders, relocations, transfers payments (grants and contributions) approvals, provision of services, loans, disposal etc.

### iii. Contracting authority approval

Contracting authority is required to approve a MOU when acquiring goods or where there is a clear potential to acquire goods or services. The Sponsor or RC Mgr shall follow the DAOD 7014 process to obtain advice from all review authorities. Keep in mind that the [DAOD 7014](#) by itself is not an approval process, it is not a transaction authority described in [Delegation of Authorities](#).

Depending on the value of the acquisition, PSPC, SSC or DCC and possibly TB approval may be required. Engagement of these contracting authorities will follow the established processes, for example a completed 9200 is used to engage PSPC.

In summary, a MOU involving an acquisition triggers the same approval processes as applied to contracts. These processes may be very lengthy and are tied to the complexity and value of the requirement. They also involve a number of stakeholders as described elsewhere in the manual and at: [Defense Procurement Strategy](#), [Sustainment Initiative for requirements above \\$20M](#), [Independent Review Panel for Defence Acquisition](#) for requirements above \$100M or as applicable, elsewhere in this and the [PSPC Supply Manual](#).

#### **3.3.13.5 Contracting authority approvals of MOU based acquisitions**

Where the use of an MOU strategy is supported by fact based evidence and is acceptable, RC Mgrs are advised that contracting authority approval is restricted to non-competitive contracting approval thresholds. Non-competitive contracting authority levels are identified in the delegation matrix. Those without sufficient authority are to engage their supporting procurement and contracting organizations. A MOU request must be justifiable under the non-competitive authorities under the Government contracting Regulations and the Treasury Board Contracting Policy; this also includes the value for money and the business case analysis support.

In some instances an RC Mgr or contracting authority might have been delegated an exceptional or specific authority granted to DND by Treasury Board. This may be described in the contracting policy or through a specific Treasury Board decision; some examples are described in the next section.

#### **3.3.13.6 Examples of Exceptional Contracting Authorities**

- I. MOUs for Mutual Logistic Support Arrangements (MLSAs). These are described in s.62 of Part II Departmental Index to Exceptional Contracting Limits of the [Contracting Policy](#), which states:

*The Minister responsible for National Defence may acquire logistics support, supplies and services from states allied or associated with Canada under a mutual logistic support arrangement during the execution of combined exercises, training, deployments, operations, or other cooperative efforts, provided all related transactions are executed within the approved resource envelope for the activity being supported and subject to a Request and Authorization from the Minister of Public Services and Procurement when required. Logistic support, supplies and*



*services are specifically defined as food, water billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communications services, medical services, ammunition, base support (and construction incident to base operations support), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, calibration services, port and airport services, and the temporary use of general purposes vehicles and other non-lethal items of military equipment to the extent that such use is permitted under the national laws of the signatories*

DND and CAF personnel are also to comply with the Interim Policy Direction on [Mutual Logistic Support](#) Arrangements issued in 2012. It describes the approval process and the reporting requirements.

## II. Contractual arrangements for [Test and Evaluation](#) services

The scope of services authorized to be performed under these activities is varied and may involve use of foreign government owned facilities. As part of the DAOD 7014 review process the RC Manager or Sponsor will be directed to engage Director General International and Industry Programs ([DGIIP](#)). A specific exceptional authority to approve arrangement falling under this class of MOUs was obtained from TB. DGIIP will identify their review and approval process to the sponsor or RC Mgr requesting support.

### 3.3.13.7 References:

- [Government Contracting Regulations](#)
- [Contracting Policy](#)
- [Guidelines on Contractual Agreements](#)
- [Policy on Transfer Payments](#)
- [DAOD 7014-1, Memoranda of Understanding Development](#)
- [Financial Administration Manual](#)
- [Mutual Logistic Support Arrangements](#)
- [Delegation of Authorities](#)

### 3.3.14 Amendment to an Existing Contract

“Amendment to an existing contract” is a procurement method available to procure goods and services as mentioned in the Procurement Method Decision Tree (refer to [PAM 3.2](#), Figure 3.2-1).

**Warning:** The “amendment to an existing contract” must not be used to circumvent the mandatory requirement to use the PSPC Standing Offers (SOs) and Supply Arrangements (SAs) to purchase commodities identified as mandatory on the [PSPC Standing Offer Index SOI site](#). Refer to PAM 3.3 for more information.

Information on “Amendment to an Existing Contract” can be found in [PAM 5.5](#), “Change Process and Amendments”.

More specifically, if you are looking for information on:

- the context, i.e. the circumstances when a contract amendment is required and/or acceptable, refer to [PAM 5.5.1](#);
- the responsibilities of the PA when amending a contract, refer to [PAM 5.5.2](#);
  - Ensuring that the request is for a change, refer to PAM 5.5.2.1;
  - Communicating the change, refer to PAM 5.5.2.2;
  - Drafting the amendment documents, refer to PAM 5.5.2.3;
    - Examples of body text for an amendment document, refer to Table 5.5-1;
  - Ensuring amendment documents are processed and approved at the appropriate level, refer to PAM 5.5.2.4.
    - Processing amendment documents when PSPC or an ADM(Mat) Procurement Directorate is the CA, refer to Table 5.5-2;
    - Processing amendment documents when the PA is the CA, refer to Table 5.5-3.
- the requirements to have a contract amendment duly signed by all the required parties in the procurement file, refer to [PAM 5.5.3](#);
- the subject, refer to PAM 5.5.4, “References”.

### **3.3.15 Miscellaneous Repairable Materiel Request, Equipment Repair And Overhaul Service Provider Contract (Managed By D Svcs C)**

#### **AIM**

1. To outline the purpose of the Miscellaneous Repairable Materiel Request (Misc. RMR) Equipment Repair and Overhaul (R&O) Service Provider contract, hereby referred to as the “omnibus R&O contract”, managed by the Directorate Integrated Logistics and Procurement (D Svcs C), and the process, procedures and guidelines to be followed by R&O Procurement Authorities (PAs) in accessing and using this contractual vehicle.

#### **PURPOSE**

2. The purpose of the omnibus R&O contract is to provide a single-point, standardised vehicle to process the repair of materiel/equipment required from time-to-time on an infrequent (rare, sporadic, occasional, unscheduled) basis. The approach taken is to:

- a. repair equipment in a timely manner;
- b. optimize overall repair costs;
- c. accumulate usage data; and
- d. determine if there is sufficient usage to warrant proceeding in either adding items to existing R&O contracts, or to proceed in establishing separate contracts if volumetric and cost efficiencies will support the initiative.

#### **SCOPE**

3. The contract covers the following services:

- a. processing items in-country and out-of-country for repair and return;
- b. actioning Mobile Repair Parties (MRPs) by having service contractor arrange for repair and/or diagnostic services carried out at equipment site/location;



- c. carrying out Technical Investigation and Technical Studies (TIES); and Special Investigation and Technical Studies (SITS));
- d. Investigation of Unsatisfactory Condition Reports (UCRs);
- e. carrying out one-time minor modifications (not for fleet-wide modifications);
- f. preparation of specifications and drawings for the purpose of carrying repair work; and
- g. any other support requirement that is deemed unique to DND repair work, not costly and not readily available from the market place.

## EXTENT OF WORK

4. The contract is an umbrella contract framework that consists of a prime Contractor that provides the services of subcontracting repair and overhaul work/services for a wide-range of equipment.

The Contractor has a facility for handling shipping, receiving and storage of DND materiel. Generally, the Contractor is to source competitive bid proposals from at least 2 suppliers for the work required in accordance with Government Contracts Regulations on sourcing requirements. The Contractor will not normally undertake any repair work at the plant unless specifically authorized by the D Svcs C requisition AA.

It is to be noted that the complete overhaul of a repairable / equipment (except life items that are time expired) is **not** permitted under the contract.

The intent of the contract is that repair work will be carried out and overhaul resorted to only where such is economically and technically justifiable.

It is strongly recommended that PAs liaise with D Svcs C whenever there is a repeat occurrence of a contractor's costs/invoicing for a repair and/or overhaul (for the same equipment) matching the Maximum Repair Cost (MRC); or when the MRC exceeds \$75,000. The definition of the extent of work is outlined at Annex A attached.

## PROCESS

5. D SVCS C/DG Proc Svcs is responsible for maintaining and managing a single-point R&O component repair service contract for DGLEPM, DGMEPM, DGAEPM and DG Proc Svcs. This contractual approach is to streamline the process in having components / equipment repaired and returned in a timely, cost-effective and efficient manner. The contract will have specific components identified by EPMs selected against the applicable RMA in accordance with MMI 1500. These components / equipments require repair services on an infrequent basis, low dollar value and/or have never been repaired and for which there is no established repair services capability. The range and scope of repair requirements is difficult to assess at any given point in time but there is sufficient volume across EPMs to support an omnibus type repair contract. D Svcs C's responsibility is to maintain and manage the omnibus R&O contract for the EPMs to ensure that repair services are available when and where they are required.

6. Procurement Authorities (PA) involved in R&O contracts are required to liaise closely with D Svcs C in the conduct of procurement and contract management activities as it pertains to the

management of selected repairable items to the omnibus R&O Contract as well as any unforeseen repair requirements emanating from Repair Materiel Requests (RMRs). It is paramount that any change to, or problems with the contract be staffed to/through D Svcs C in a timely manner (i.e. delay in processing repairable items, budget constraints, financial obligations and/or limitations, new requirements, etc).

Conversely, D Svcs C is required to communicate any contract change such as limitation of expenditures, contract extension, contract termination and contract renewal schedule, etc. that could impact on EPMs in the timely conduct of repair support activities.

## PROCEDURES AND GUIDELINES

7. In order to ensure complete compliance with and to safeguard the integrity of the contract application, PAs are required to ensure that the following criteria are adhered to scrupulously and with the highest level of scrutiny:

a. **Estimated repair cost.** Whenever the individual MRC exceeds \$10,000, the PA must review the requirement, in consultation with the Life Cycle Material Manager (LCMM), to investigate if:

i. If the item should be repaired under a separate contract on a one-time basis;  
and

ii. If the item should be repaired under the omnibus R&O contract for reasons of urgency, investigate if another contract vehicle would best serve the requirement for future repairs and advise D Svcs C accordingly.

b. **Type of work.** The omnibus R&O component contract is normally awarded for a period of 5 years with the option to extend the contract by three (3) additional one (1) year periods. The contract value covers funding envelopes provided by each EPM based on yearly R&O activity and cash forecasts. In order to work within the contract ceiling, it is paramount that EPMs ensure that the type of work envisaged for the omnibus contract is consistent with the parameters stated at paragraph 7 a. above. Failure to do so, over time, will potentially put the contract in jeopardy of breaching its contract ceiling before the contract expiration date. This in turn would have a direct and very significant impact on all the EPMs ability to deliver critical repair services potentially to meet timely operational requirements.

## GENERAL ADMINISTRATION

8. Should there be questions or clarification required on the content of the omnibus R&O contract, its application and duration, please do not hesitate to contact D Svcs C.

## REFERENCES

9. The following references apply:

-MMI 1500

-PSPC Supply Manual, Chapter 3

### **ANNEX 3.3.15.A DEFINITION OF EXTENT OF WORK**

1. The following definition of extent of work under the Omnibus R&O component contract:
  - a) Repair: The identification and correction of those specific defects which degrade the performance of an item causing it to function below the specifications;
  - b) Overhaul: The restoration of an item to its original condition/near life expectancy. It includes the replacement of worn, damaged or life expired parts, the incorporation of approved modifications, and the rework of components as necessary;
  - c) Special Investigation and Technical Studies (SITS): An investigation or study associated with the repetitive failure of a specific (serial number) item within a repair and overhaul line and is not normally applicable to fleet wide studies or investigations. It shall apply to equipment not meeting specification standards or due to repetitive failures;
  - d) Technical Investigation and Engineering Support (TIES): Provides the services necessary for the performance of tasks such as investigative work requiring disassembly of equipment, preparation and incorporation of modification kits, a special testing program (or work of similar nature) and the use of expert specialized technical assistance. It is applicable to fleet wide studies or investigations;
  - e) Mobile Repair Party (MRP): Individual or group of individuals who perform repair work away from a contractor's plant and regional area;
  - f) Interchangeability: Following repair, the article must remain fully interchangeable (form, fit and function) with articles catalogued under the same reference number, part number and of the same modification status. This concept of interchangeability must be extended to include internal characteristics such as wave forms and components layout in order to ensure full compatibility with automatic test equipment software and automatic probing; and
  - g) Reliability and Maintainability: The definition of MIL-STD-721 shall apply.

### **3.3.16 Contracting for "Specific Goods" Direct with Trade (DWT)**

This section includes information on the following topics:

- Contracting Policy and Principles 3.3.16.1
- Contracting Authority PAM 3.3.16.2
- Contract file and audit trail, PAM 3.3.16.3
- Reviewing the Statement of Requirements (SOR), PAM 3.3.16.4
- Evaluation criteria, PAM 3.3.16.5
- Solicitation procedures, PAM 3.3.16.6
- Raising the Contract, PAM 3.3.16.7
- Reporting, PAM 3.3.16.8
- Contract management, PAM 3.3.16.9
- Acquisition (payment) cards, PAM 3.3.16.10

### 3.3.16.1 Contracting Policy and Principles

The contracting authority (CA) must be guided by and understand contracting principles to avoid making incorrect decisions or committing errors that may result in disciplinary procedures and even criminal charges.

Contracting in the Department of National Defence - and the Government of Canada in general - is more decentralized than ever. Many low-dollar value goods can be procured without the benefit of going to or through Public Services and Procurement Canada (PSPC). Purchases are commonly made through the use of standing offers (SO) or supply arrangements (SA) and, for many low-dollar value requirements (less than \$5K), through the use of the government acquisition (credit) cards.

It is imperative that the CA brings contracting experience to the process and assists in getting the clients what they need. Following the initial contact, the CA must help the clients define their requirement. Once the requirement is clearly defined, the CA initiates, prepares and manages a contract process for the purchase.

In order to be successful at their job, the CA must understand the rules and regulations of buying. Departmental policy and procedures for contracting (e.g. [Defence Administrative Orders and Directives \(DAOD\)](#), Procurement Administration Manual (PAM), [Departmental Financial Delegations](#), and so on) are based on, and comply with, applicable legislation (e.g. Financial Administration Act, Federal Accountability Act, Government Contract Regulations, PWGSC Act) and Treasury Board Policy.

### 3.3.16.2 Contracting Authority for Specific Goods Direct with Trade (DWT)

The contracting authority for Specific Goods, competitive and non competitive, has been delegated to specific positions within the Department. This delegation is documented in the [Delegation of Authorities for Financial Administration for the Department of National Defence \(DND\) and the Canadian Armed Forces \(CAF\)](#):

- The delegation limits are listed by position in the Delegation Matrix column 16;
- the specific goods are listed in the Delegation Document **Notes** for column 16.

An individual must have delegated authority indicated in column 16 of their DoA form and understand they are limited to these specific goods listed in the Delegation Document notes in order to exercise this authority.

The Contracting Authority (CA) may proceed with establishing a contract for specific goods direct with trade when:

- an existing contract vehicle (standing offer (SO), pre-facilitated contract (PFC), or supply arrangement (SA)) is not available or accessible;
- the CA has the delegated contracting authority under column 16 of the Delegation Matrix as shown on their DoA form;
- the required goods are listed in the Delegation Document Notes for Column 16.

The CA's responsibilities are to read and apply the following information and references in the contracting process:

PAM 1.5, Ethics in Procurement

PAM 1.7, Security in the procurement and contracting process

PAM 1.8, Contract splitting

PAM 3.1.1.1.3.1, Treasury Board policy on competition

PAM 3.1.1.1.3.2, Exceptions to competition (sole source)

PAM 3.1.1.1.3.6, Advance contract award notice (ACAN)

PAM 4.3, Contracting without authority (confirming orders)

### **3.3.16.3 Contract File and Audit Trail**

The CA must ensure that all relevant documentation is maintained on a contract file from opening to close out, to ensure a proper audit trail.

Sound record-keeping ensures that the management of a contract is easy and effective. Without complete records, any possible disputes or claims may be difficult and time-consuming to sort out.

The CA is responsible for ensuring that the records, both electronic and paper-based, are complete and kept up to date.

The CA is responsible to read and comply with:

- PAM 3.4, Create the procurement file and the basic support documents
- PAM 5.12, Management of the Procurement File

### **3.3.16.4 Reviewing the Statement of Requirements (SOR)**

The CA must review the SOR with an understanding of:

- the necessary elements of a statement of requirements (SOR);
- what to verify;
- how to ensure clarity, completeness, and fairness in the solicitation process.

[PAM 3.2.8](#) provides guidance that can be used for reviewing SOR.

The CA is responsible to read and comply with:

- PAM 3.2, Validate requirement for procurement

### **3.3.16.5 Evaluation Criteria**

The CA in consultation with TA will:

- determine the most appropriate method to evaluate the bids;
- Ensure that the evaluation criteria drafted by the TA are valid and supportable.

The CA is responsible for ensuring that appropriate evaluation criteria are established. The evaluation criteria and contractor selection methodology will be used for evaluating bids or proposals correctly and properly and selecting the winning bid or proposal. Evaluation criteria

and contractor selection methodology are part of the formal solicitation document and may include both mandatory and desirable (rated) criteria. Whatever factors or criteria are used in the assessment of bids or proposals, it is essential that the mandatory and desirable (rated) criteria be clearly defined, easily understood, appropriately weighted, and relevant to the requirement.

PAM 3.5.3 Evaluation Criteria, provides detailed information on evaluation criteria

PAM 3.5.4 Selection Methods, provides detailed information on contractor selection methodology.

The CA is responsible to read and comply with:

PAM 3.5, Review and contribute to the evaluation plan

PAM 4.4, Manage industry complaints

### 3.3.16.6 Solicitation Procedures

For transparency, openness, and fairness, the CA must determine the best solicitation approach for the requirement and ensure the appropriate items are included in the solicitation.

#### Understanding the Different Types of Solicitations

Solicitation Process	Use When	Tips
Telephone buy (T-Buy)	<p>Requirements are estimated at \$5K or less. Considered a Request for Quotes (RFQ). Bidders do not have to confirm the bid in writing. The Contracting Authority must record the details of the telephone bid in the contract file.</p>	<p>Have a script to ensure that what is told and asked to each vendor is the same.</p> <p>Keep sufficient documentation.</p> <p>If a bid is accepted, the contract must be confirmed in writing, except when an acquisition card is used.</p> <p>Minimum number of quotes required:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Less than or equal to \$1000 - one quote (or more);</li> <li><input type="checkbox"/> Greater than \$1,000 and less than or equal to \$2,500 - two quotes (or more);</li> <li><input type="checkbox"/> Greater than \$2,500 and less than or equal to \$25000 - three quotes (or more).</li> </ul>
Request for Quotes		Quotations are not

Solicitation Process	Use When	Tips
(RFQ)	Requirements are estimated at \$25K or less.	technically offers to supply.  A minimum of 3 quotes must be obtained.
RequestsFor Proposals (RFP)	Negotiations are expected with one or more bidders regarding any aspect of the requirement  OR  suppliers are submitting a proposal that will be evaluated  <i>And/or</i>  Only one source is being solicited	Do not utilize the same bidders each time.  Add at least one new bidder each time a solicitation is sent out.  A minimum of 3 quotes must be obtained.
Invitation To Tender (ITT)	If all of the following apply:  <input type="checkbox"/> two or more suppliers are capable of fulfilling the requirement; <input type="checkbox"/> the evaluation of tenders can be done against very clearly stated criteria; <input type="checkbox"/> tenders are likely to have a common pricing basis; and <input type="checkbox"/> the lowest-priced responsive tender is to be accepted	A minimum of 3 quotes must be obtained.
Advanced Contract Award Notice (ACAN)	Advises suppliers of the government's intention to contract with a pre-selected supplier without competition. (Source: <a href="#">Defence Administrative Orders and Directives (DAODs) - 3000</a> )  When there is only one known supplier.	Any supplier that believes their company has the capability to provide the goods must submit a Statement of Capability (SoC).  If it is deemed to be a valid SoC, a competitive solicitation <b>shall</b> be held.

### Do Any aboriginal Agreements Apply?

The CA must:

- confirm if any trade agreements apply - such as [Comprehensive Land Claim Agreements - CLCA](#);
- make due consideration to that agreement, including any impact on which solicitation approach must be used, if an agreement does apply;
- Refer to:
  - PAM 3.1.1.1.3.4, Comprehensive Land Claim Agreement (CLCA)
  - PAM 3.1.1.1.3.5, Procurement Strategy for Aboriginal Business (PSAB)
  - Set-Aside Program for Aboriginal Business (SPAB)

## Do Any Trade Agreements Apply?

To determine if a trade agreement applies the CA must:

- look at the **dollar value threshold**.
- For example, the [Canadian Free Trade Agreement](#) (CFTA), [North American Free Trade Agreement](#) (NAFTA), [Canada-European Union Comprehensive Economic and Trade Agreement](#) (CETA) and [World Trade Organization - Agreement on Government Procurement](#) each have different thresholds.
- review the applicable trade agreement to see if the good is excluded. By default, assume that the trade agreements apply and then prove they don't.
- Refer to PAM 3.1, annex 3.1.B, Trade and Other Agreements Coverage Summary for Goods and Services

## Solicitation Cover Document

The CA must ensure that the following is in the solicitation cover document or fax that will be sent with the solicitation documents:

- Overview (It is the intention of the Department of ... to award a contract from ... to ... with options for ... The Contract, if awarded, will be awarded to the bidder providing the proposal with ... The Department reserves the right ...).
- Any special clauses, especially regarding security.
- How to submit questions (hardcopy fax or mail, electronically – what format, etc.).
- Clarification regarding submitting the response in either English or French.
- Confirmation that the contractor should identify a point of contact and all contact information.
- Bid validity period.
- Solicitation number and closing date.
- Delivery Location.
- Reference to the Statement of Requirements (which is attached to the cover letter).
- Reference to Evaluation Criteria (which is attached to the cover letter).

## The Solicitation Document

The CA is responsible to consider and include, at the minimum, the following elements in the solicitation document:

Solicitation Element	What to Check for
Statement of Requirements	Define the goods to be acquired in clear and concise terms.
Technical Requirements	Ensure that adequate technical and performance specifications are included and mandatory requirements are clearly defined in the evaluation criteria.
Trade References	Do not use "brand name or equal" type of purchase descriptions.



Solicitation Element	What to Check for
Stock Number or Part Number (Goods)	<p>The stock number will be either a NATO stock number (NSN) or a permanent stock control number (PSCN) which currently exists in the DRMIS.</p> <p>A part number will be used when a stock number has not yet been or will not be assigned. (Refer to <a href="#">Materiel Identification (MI) Process</a>.)</p> <p>A complete description includes, as applicable:</p> <ol style="list-style-type: none"> <li>All relevant management data (packaging, handling and storage). If the item has a shelf life, packaging code, or is identified as hazardous material (HAZMAT), specific clauses need to be included in the procurement. For additional information on packaging, handling and storage requirements that must be identified, contact DSCO3-2 at (819) 997-4658, the departmental authority for these areas; and</li> <li>All acceptable part numbers. (See <a href="#">CGCS</a>.)</li> </ol>
Evaluation Criteria	Ensure that the criteria (the mandatory and the rated criteria) and the evaluation process are clearly identified.
Contractor Selection Methodology	<p>Determine the basis on which a contract will be selected.</p> <p>By default, use the “lowest compliant” selection method.</p> <p>If you choose another method, document the reasons for doing so.</p>
Security Requirements	<p>Ensure that security requirements have been adequately defined and reviewed.</p> <p><b>Note:</b> Ensure that the Security Requirements Check List (SRCL) has already been processed.</p> <p>Refer to <a href="#">PAM 1.7</a>, Security in the Procurement and Contracting Process.</p>
Standard Clauses	<p>Whenever possible, use a template provided by DMPP 4.</p> <p>Although PSPC Standard Acquisition Clauses and Conditions (SACC) clauses are not used directly, they may be copied into agreements with minimal risk but caution must be taken to ensure the appropriate clause is used.</p> <p>If a standard clause does not exist, ensure that the Crown’s interests are protected. In order to do that, a specific clause may have to be developed, in which case contract advice is required from the following organizations:</p> <ul style="list-style-type: none"> <li>DMPP 4 (Point of Contact: <a href="#">+Questions-Procurement-Contracting-Policy@ADM(Mat) DMPP@Ottawa-Hull</a>);</li> <li>DND legal (Point of Contact: Department of National Defence/Canadian Forces Legal Advisor (<a href="#">DND/CF LA</a>)).</li> </ul>
Intellectual Properties	<p>Ensure that ownership and use of intellectual property is considered.</p> <p>DND is responsible for ensuring that technology and intellectual property created from Research and Development performed under Crown Contracts can be exploited by the private sector for commercialization.</p>

Solicitation Element	What to Check for
Delivery	Define delivery requirements clearly and do not use terms such as “as soon as possible”.
Quality Assurance	Include the QA code and quality assurance requirements in the contract documents.
Bidding Period	Ensure that there is sufficient time for preparation and return of the bids.
Bid Validity	Ensure that you have sufficient time for bid evaluation process and the contract approval process.  For mid-size to larger requirements, you can typically ask for bids to be valid for 60 days.
Optional Requirements	Include any special information/instructions such as details on option periods, flexibility on work elements, and so on.
Limitation of Contractor Liability	As a CA, you do not have authority to accept liability on behalf of the Crown – for example, to limit a company’s liability on a contract.  There are some PSPC standard clauses that are acceptable but otherwise you must go to Treasury Board and seek legal advice if you are being asked to limit a company's liability.  <a href="https://buyandsell.gc.ca/policy-and-guidelines/">https://buyandsell.gc.ca/policy-and-guidelines/</a>

## The Solicitation Methods

The CA will use one of the following methods for obtaining quotes/proposals:

- Written quote: fax, e-mail, etc.: keep a copy in the file;
- Telephone quote: document quote details in the file;
- Vendor catalogues, flyers, internet price: Document details in the file;
- Government Electronic Tendering Service (GETS).

The Contracting Officer is responsible to read and comply with:

- PAM 3.5, Review and contribute to the evaluation plan
- PAM 3.6, Solicitation Process
- PAM 4.1.2, Roles and Responsibilities in the Bid Evaluation Process when DND PA is the CA

### 3.3.16.7 Raising the Contract

The CA, is responsible for creating and maintaining standard contractual documents and relevant clauses throughout the contracting process, for transparency, consistency, and to provide a complete audit trail.

The CA must use the following [contract template](#).

**Note:**

- The DND Contract template must be updated with those Standard Clauses that are most applicable to the current requirement. The template is provided only as a guideline and will not fit every situation or requirement.
- When the contractor requires access to DRMIS, the CA must use the contract clause named "[Access to DND Computer System](#)" and the DND non-disclosure agreement (NDA) named "Access and Non-Disclosure Agreement". This contract clause and NDA will mitigate the risk of contractors accessing commercially sensitive data in the DRMIS.

## The Contract Document

**At a minimum**, a contract includes the following elements:

Start Date	Start date: date on which the goods will be delivered	This date does not have to be the same date as the award date (may be a few days or even a month or two after the award date).
End Date	End date for the delivery of the goods	<p>This is the date when the contract is expected to expire.</p> <p>All deliveries must be completed by this date.</p> <p>The end date can be after the final scheduled delivery date as this may allow you to consider exercising any option period or dealing with any issues of acceptance.</p>
Contract Value	Total contract value	<p>This is the value of the commitment in the contract and considers all values including taxes.</p> <p>Note: Option periods and values not yet exercised are not included in this value at this time.</p> <p>Unless otherwise indicated the value of the contract will be in Canadian dollars.</p>
If options are considered	Potential additional values that may be added to the contract if exercised	Note that options are <b>not</b> part of the contract unless exercised and expressly included into the contract.
Contract Number	Government contract number	There are directions in both the Financial Administration Manual (FAM) and the Procurement Administration Manual (PAM) regarding the formation of a contract number. Refer to PAM 3.4.2.

Signatures (as required)	Signatures of all required signing authorities	Contractor. Crown: the CA must have delegated authority to award a contract under column 16 of the delegation matrix on their DoA form.
Dates for signatures	Each signature must be dated	This date may make a difference when and if disputes are raised.
Terms and Conditions (T&Cs)	Essentially this is all information governing the contract, including order of precedent, applicable clauses, basis of payment, delivery, and any specific items not detailed in the SOR.	The terms and conditions are spelled out in the body of the contract. The SOR is generally added to the body of the contract or added as an appendix.
Reference to the proposal (if applicable)	This shows in the list of items of precedent governing the contract, if applicable.	This is only required if there is information in the proposal that is not in the contract or the SOR. This is not used often but when it is, it must be used carefully as this may allow an element into the contract that was not part of the solicitation.
Payment terms	Clearly identify the terms of payments, financial codes, and invoicing instructions	This may be found in the body of the contract or in a separate attached appendix specific to the Payment Terms section.

## Contract Award Overview

Once the successful bidder has been selected, the CA must:

- review the contract with the successful bidder, including all Terms and Conditions.
- Ensure that the successful bidder signs two copies of the contract.
- sign the two copies of the contract.
- place one original contract on the DND contract file and ensure that one copy is kept by the successful bidder.
- record the contract in the Contract Data Management System (CDMS) and in the financial system (commitments are not to be raised until the contract is entered into).

The Contracting Officer is responsible to read and comply with: PAM 4.2, Contract Award.

### 3.3.16.8 Reporting

Refer to PAM 4.3 Mandatory Contract Reporting

### **3.3.16.9 Contract Management**

The CA must ensure to follow the correct contracting processes for contract management issues, including amendments, goods delivery, acceptance, payment, and commitment accounting.

The CA is responsible to manage the contract, ensure awareness of problem and status, including deliverables, timeframes, and finances.

The CA must manage amendments and ensure that contracting authority is enforced.

The CA is responsible to read and comply with:

- PAM 5.0, Control Procurement
- PAM 5.3, Monitor Contract Performance
- PAM 5.5, Change Process and Amendment
- PAM 5.6, Review and process invoices, progress claims and supporting documentation
- PAM 5.7, Problem resolution
- PAM 5.7.3, Contract Termination
- PAM 5.12, Management of the procurement file

### **3.3.16.10 Acquisition (Payment) Cards**

The acquisition card may be used as a method of payment for any goods contract as long as it is included as a method of payment within the contract document.

The CA must refer to PAM 5.6.3, Invoice/Progress Claim Review Process, for more details on the Payment process using the acquisition card.

### **3.3.17 Contracting for transportation**

Contracting Method: Waybills/Straight Bills of Lading (WSBLs)

A DND WSBL, or commercial carrier equivalent, is used as a means to contract for transportation services.

WSBLs facilitate the call-up of transportation services against a tariff (i.e. an agreement by a carrier to provide transportation services subject to certain pre-defined terms, conditions and rates) or under a specifically negotiated agreement or contract between the MND and a carrier or carriers.

Appropriate reference to the tariff or contract must be included on all WSBLs.

For information and questions on transportation, contact CANOSCOM / CMSG / J4 TN at (613) 971-7857, the DND authority for transportation.

### **3.3.18 No Fee Contract**

#### **Warning:**

An individual must have the applicable delegated contracting authority indicated on their signed DoA form in order to sign/approve a no fee contract.

#### **3.3.18.1 When to use a No Fee Contract**

It is recognized that individuals can help DND / CAF in a wide variety of situations and circumstances. However, the present No Fee Contract will be used only in situations when individuals are actually providing a service to DND/CAF. The provided services are not payable, but the individual providing them is acting as a Contractor.

No Fee Contracts are written, approved, contractual, legally-bidding, legally enforceable contracts, whereby DND/CAF and the Contractor agree upon the delivery of certain services at no cost for DND/CAF and for reimbursement of the out-of-pocket expenses incurred by the Contractor while delivering such services.

In order to determine that indeed services have been provided, a proper deliverable must be submitted by the Contractor. Depending on the nature of the services provided, the deliverable can be in a form of:

- speakers notes,
- draft of the presentation,
- after-the-event report, etc.

The format of delivering this deliverable will be decided by DND and captured in the Statement of Work. Depending on the nature of the services provided, DND/CAF could require more than one deliverable under one No Fee Contract.

A No Fee Contract could include with volunteers and private sector experts. A no fee contract is not to be used, however, in the case of such things as spousal accompaniment which, if permitted, would be covered under compensation and benefits.

### **3.3.18.2 Authorization to sign No Fee Contracts**

The No Fee Contract is a contract.

The No Fee Contract can be signed by the incumbent of a position with delegated contracting authority for services non-competitive. The limit of such authority will cover all expenses (incurred by the Contractor during the process of providing the services) claimed by the Contractor for reimbursement.

The overall value of the No Fee Contract cannot exceed the departmental limit for services non-competitive.

### **3.3.18.3 Process to establish a No Fee Contract**

The requirement for using Contractor services under No Fee Contract will be identified by the Technical Authority. The services required will be identified in a Statement of Work. Guidance of creating a SOW can be found in [PAM 3.2.7](#). The TA will also create a sole-source justification letter that will be added in a dedicated file.

If DND/CAF will not spend any funds on expenses related to support the Contractor's services, the TA will forward the request to the Contracting Authority.

If DND/CAF will spend any funds on expenses related to support the Contractor's services, the TA will forward the requirement to the Procurement Authority. The usual financial authorities encountered during the expenditure process will have to be exercised (Expenditure Initiation Authority, Section 32, Contracting Authority, Section 34, Section 33).

The value of the No Fee Contract for the entire contracted period will have to be estimated. The requirement under one No Fee Contract cannot be split.

The sole-source exceptions mentioned in the [Government Contract Regulations, chapter 6](#), will be used as guidance. The No Fee Contracts where the total value is below \$25K do not need a justification for choosing a particular Contractor. However, in situations where the total value of the No Fee Contract will exceed \$25K, the TA will have to provide to the CA a sole-source justification letter, whereby invoking at least one of the other 3 exceptions mentioned in the Government Contract Regulations and justifying why only that particular Contractor can deliver the work. The CA will review the justification and decide if it can be accepted.

If the total No Fee Contract value is above \$25K and a valid sole-source justification cannot be provided, the requirement needs to be competed.

Travel, Hospitality, Conference and Event Expenditure (THCEE) must follow the latest departmental financial policy requirements published by Director Financial Policy (DFP) at [ADM \(Fin\) web site](#). Any expenditure reimbursed or incurred under the No Fee Contract that form

part of an event that requires approval are conditional upon such event approval from the appropriate delegated authority within the department prior to initiating the related expenditures. For costs such as travel, hospitality and conference expenditures, specific Treasury Board (TB) and departmental pre-approval (expenditure initiation authority) requirements must be met in accordance with the DFP policy guidance on the ADM (Fin) web site. This pre-approval (and event approval when applicable) is required from the appropriate delegated authority level prior to initiating the expenditures.

**Note:** the pre-approval referred to is strictly from a financial policy perspective and other pre-approvals may also be required for the specific type of activity and expenditure. Additionally, all reimbursements under a No Fee Contract require prior authorization of FAA Section 32-34 authority by the appropriate delegated authority within the department.

**Hospitality:** Spouses of DND employees/CAF members who provide services under a No Fee Contract are considered Contractors for the purposes of hospitality authorization and therefore any hospitality provided to them requires MND's pre-approval.

When hospitality costs are involved, the departmental Hospitality/Event request form must be used to pre-approve each hospitality activity. The TA will be responsible for ensuring the pre-approval is sought and that any input from the Contractor is incorporated as required. This includes liaison with the RC Manager sponsoring the activity/event to ensure that an approved hospitality/event request form has been obtained on behalf of all Contractors in accordance with departmental policy guidance. Once the hospitality activity has taken place, the approved request form must be attached with the detailed invoice and supporting receipts.

#### 3.3.18.3.1 THCEE pre-approvals:

- For travel, the departmental form [DND 2999](#) (TA to attach the form) should be used to pre-approve the individual trips and requires detail of the travel costs. Once the travel has taken place, the approved DND 2999 form and any overarching approved travel plan must be attached with the detailed invoice from the Contractor. A copy of the approved form will be given to the Contractor, for information on approved expenses and to add it on the invoice.
- Hospitality expenditures must be pre-approved using the departmental [Hospitality/Event Request form](#).
- Event approval (using the departmental [Hospitality/Event Request form](#)) is also required prior to initiation of expenditure under this No Fee Contract that forms part of an activity that meets the criteria for event approval.

When travel is involved and the required pre-approval(s) are obtained, the Contractor will make their own arrangements. DND/CAF personnel may get involved in making or facilitating travel arrangements for the Contractor under extreme circumstances.

The TA will obtain Section 32 approval for the expenses estimated for reimbursement. Based on this estimate, the PA will forward the requirement to the Contracting Authority (CA) suitable for signing the No Fee Contract.



Risk arising from work under the No Fee Contract should be identified and assessed to determine whether specific insurance requirements should be included in the No Fee Contract. [Treasury Board Special Travel Authorities](#), paragraph 7.7, provides guidance on this topic. The Crown does not reimburse any insurance expenses encountered by Contractor while delivering the Work.

The CA will ask a quote from the Contractor that will cover the estimated expenses incurred in support of delivering the services. The CA will then evaluate the quote and, if found acceptable, will issue the No Fee Contract.

The Contractor will sign the Statement of Non-disclosure and return it to the CA, who will add it to the file together with the signed No Fee Contract.

The Contractor will submit the invoices on their own form. The direction in [PAM 5.6](#) will be followed for Review and Process Payment.

#### **3.3.18.4 Completing Contract Documents**

Refer to PAM annex 3.3.18A for instructions on how to complete contract template for a No Fee Contract.

#### **3.3.18.5 Mandatory Reporting**

No Fee Contracts are reported as per normal contracting reporting procedures (refer to [PAM 4.3](#), Mandatory Contract Reporting).

#### **3.3.18.6 References**

- CDAO for assistance with travel arrangements/bookings and determination of what constitutes sufficient auditable evidence of expenditure initiation and FAA Sec 32-34 approval;
- Departmental travel coordinator at [travel-directive-voyages@forces.gc.ca](mailto:travel-directive-voyages@forces.gc.ca) for the interpretation of the entitlements under the NJC Travel Directive and the [TB Special Travel Authorities](#).

#### **Annex 3.3.18.A No Fee Contract- Instructions to Complete Low Dollar Value Bid Solicitation and Resulting Contract Template (Simple)**

A contract may be entered into where there are no fees paid for services rendered but where there may be consideration for payment of all or part of travelling expenses incurred or other out of pocket expenses directly related to the statement of work. This could include with volunteers and private sector experts. A no fee contract is not to be used, however, in the case of such things as spousal accompaniment which, if permitted, would be covered under compensation and benefits.

A statement of work (SOW) detailing the work to be completed must be included in all no fee contracts. Refer to section 3.2.7 Statement of Work (SOW) Review of the PAM for instructions on how to review SOW.

In order to complete a no fee contract complete a cover page and contract document as follows:

### Cover Page

Complete the [Contract cover page](#) with the required information.

### Contract Template

Complete the most recent [PSPC low dollar contract template](#) by following the instructions within the template and with the following additional changes:

Contract Template paragraph	Title	Modification
<b>Part 1</b>	Information and Instructions	The CA must delete this section in its entirety
<b>Part 2, paragraph 2.1</b>	Resulting Contract Clauses / Security requirements	<p>If there is a security requirement associated with the contract, the CA must:</p> <ul style="list-style-type: none"> <li>• complete an Security Requirements Checklists (SRCL), with the input from the Technical Authority (TA);</li> <li>• consult PAM 1.7.3.3 for instructions to complete an SRCL;</li> <li>• forwarded the SRCL to DG Defence Security/Director Defence Security Operations for their approval;</li> <li>• Receive the SRCL back from DG Defence Security/Director Defence Security Operations duly signed off;</li> <li>• Forward the SRCL to PSPC CIISD. CIISD will review and confirm the SRCL and inform the CA of all security clauses that must be included within the body of the resulting contract.</li> </ul> <p>If there is no security requirements, the CA must select the second option of the PSPC template.</p>
<b>Part 2, paragraph 2.6.1</b>	Resulting Contract Clauses / Basis of Payment	<p>The CA must:</p> <ul style="list-style-type: none"> <li>• insert the following by FULL TEXT:               <ol style="list-style-type: none"> <li>1. Out of pocket expenses that fall under the National Joint Council Travel Directive, appendices B, C and D will be reimbursed accordingly.</li> </ol> </li> </ul>

Contract Template paragraph	Title	Modification
		<p>2. For all other pre-approved out of pocket expenses, reimbursement will be done based on actual and reasonable expenditures, supported by original receipts, with no allowance for profit.</p> <p>3. All authorized reimbursements must include the applicable federal and provincial sales tax, ancillary taxes and any commodity tax associated with the expenditures incurred by the Contractor to provide the services.</p>
<p><b>Part 2, paragraph 2.7.1</b></p>	<p>Resulting Contract Clauses / Taxes</p>	<p>The CA must:</p> <ul style="list-style-type: none"> <li>• insert the following by FULL TEXT:</li> </ul> <p>Further to SACC 2029 07 (____CA to insert date) Taxes,</p> <p>Then the CA will choose one of the following clauses, considering if:</p> <p>a. the Contractor provides services on a voluntary basis and receives no remuneration or fees for such services, then there is no income earned.</p> <p>OR</p> <p>b. the Contractor is normally in the business of providing the service covered under this Agreement and the department pays a fee or provides compensation for the services, including that the reimbursement of expenses form part of the consideration for services (as indicated at bid submission.</p> <p>In case a. this clause will be used:</p> <p>Subsections 237 (2) and 237 (1) of the Income Tax Regulations will not apply and a T1204 information return will not be issued by DND.</p> <p>In case b. this clause will be used:</p> <p>The total amount paid to the individual will be reported by DND on a T1204 information return. The Contractor should</p>

Contract Template paragraph	Title	Modification
		consult their tax advisor or Canada Revenue Agency with regard to claiming applicable expenses when calculating their taxable income.
<b>Part 2, paragraph 2.11</b>	Standard Acquisition Clauses and Conditions (SACC) Manual Clauses	<p>There may be additional clauses relevant to the requirement. It is the CA's responsibility to consult the SACC manual to determine which clauses may be applicable to the requirement. Ensure that the most current clause is used. Do not use superseded clauses.</p> <p>Here is a non-exhaustive list of SACC clauses that could be applicable.</p> <ul style="list-style-type: none"> <li>• A9062C - Canadian Forces Site Regulations</li> <li>• C2000C - Foreign Nationals (Canadian Contractor)</li> <li>• C2001C - Foreign Nationals (Foreign Contractor)</li> <li>• C4001C - Travel and Living Expenses - No allowance for profit and overhead</li> <li>• C3015C - Exchange Rate Fluctuation Adjustment</li> <li>• 4006 - Contractor to Own Intellectual Property Rights in Foreground Information</li> <li>• 4007 - Canada to Own Intellectual Property Rights in Foreground</li> </ul>
<b>Part 2, paragraph 2.X</b>	Job references	<p>The CA must:</p> <ul style="list-style-type: none"> <li>• insert the following by FULL TEXT:</li> </ul> <p>No DND employee or CAF member will provide the Contractor with a reference letter or reference on behalf of the Department for the work done under this contract.</p>
<b>Part 2, paragraph 2.X</b>	Indemnification	<p>The CA must:</p> <ul style="list-style-type: none"> <li>• insert the following by FULL TEXT:</li> </ul> <p>The Contractor shall indemnify and save harmless Her Majesty, its employees and agents, from losses arising out of the errors, omissions or negligent acts of the Contractor, in the performance of the Work under the Agreement.</p>

### **3.3.19 Directive on Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area**

#### **3.3.19.1 Application**

The [Directive](#) applies to all contracts where deliverable(s), or a portion of the deliverable(s) include final delivery or performance in or into the Nunavut Settlement Area.

#### **3.3.19.2 Policy Requirement**

When a Procurement Authority / Contracting Authority receives a procurement request which may be subject to the Directive, they must review the Directive and comply with the obligations related to procurement. The Directive provides specific instructions on how to prepare and manage these types of procurements.

#### **3.3.19.3 Enquiries**

General enquiries on the interpretation of the Directive, contact the Procurement Policy Division, TBS: [Nunavut@tbs-sct.gc.ca](mailto:Nunavut@tbs-sct.gc.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

General enquiries on procurement guidance, implementation, or how to apply the Directive, contact the Strategic Policy Sector, PSPC: [TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

General enquiries on Comprehensive Land Claims Agreements or list of planned procurements in the Nunavut Settlement Area, market research, and engagement with Inuit firms or the Nunavut Tunngavik Incorporated (NTI), contact the Business Development Division, ISC: [aadnc.nunavutprocurement-appvisionnementanunavut.aandc@canada.ca](mailto:aadnc.nunavutprocurement-appvisionnementanunavut.aandc@canada.ca) (CC [+Questions-Procurement-Contracting-Policy@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull))

### **3.3.20 to 3.3.22 Intentionally Left Blank**

### **3.3.23 Procurement of Information Technology (IT) Infrastructure through Shared Services Canada (SSC)**

#### **3.3.23.1 SSC Mandate**

SSC is responsible for delivering a wide range of IM/IT products and services to federal departments and agencies. They are responsible to deliver these business lines: Cyber and IT Security products, email, data centers, telecommunications and Workplace Technology Devices to government departments and agencies. The full list of mandated products & services provided by SSC can be found at Shared [Services Canada Service Catalogue](#).

#### **3.3.23.2 Steps Prior to Submitting a Request to SSC**

Prior to the procurement of any IT software (SW) or IT hardware (HW), the PA/CA must ensure to consult with ADM (IM) Policy Group to verify that the item to be procured is compliant with the

department standards and policies by sending their request to the Procurement Alignment Review mailbox at [+IM GP PROC Alignment Rev@ADM\(IM\)DIMCB@Ottawa-Hull](mailto:+IM GP PROC Alignment Rev@ADM(IM)DIMCB@Ottawa-Hull)

Once ADM(IM) approves the requirement, they will send an email to the PA/CA letting them know that they can proceed (depending if it's an IT requirement that falls under the mandate of PSPC, SSC or can use DND Contracting Authority). The email reply received from the Procurement Alignment Review OPI should be kept on the procurement file.

Procurement Initiation Authority (PIA) is required to approve a document for submission to SSC as per [PAM 1.4.3](#) Procurement Initiation Authority (PIA) – Column 14 of the Delegation Matrix

Procurement Initiation Authority is delegated to positions as indicated in Column 14 of the [Delegation of Authorities for Financial Administration Matrix](#)

For the DND contract file in order to demonstrate that PIA has been signed by the appropriate authority, a duly signed 9200 form should be used and keep on file for audit purposes. The 9200 does not need to be sent to SSC. The information must be inputted in the appropriate SSC portal

### **3.3.23.3 Required Process**

- Follow [PAM 3.1](#) Develop the Procurement Plan
- Follow [PAM 3.2](#) Validate Requirement for Procurement

### **3.3.23.4 SSC Tools and Products & Services**

#### **3.3.23.4.1 Requisition for Acquisition Services (RAS) Tool**

Use the [RAS Tool](#) for ordering these type of products: servers, Mass Storage (servers & mass storage fall under the new Physical Infrastructure Supply Arrangement (PISA), Multi-Function Display (MFD)/photocopier leases, Imaging equipment, Printing Products (including consumables), email, network equipment and maintenance, data centres, video conference equipment, telephony requirements such as Blackberry Devices, Cyber IT Security and software.

Requires creation of a Client User Account and password controlled:

Follow the two-step process below to (1) create a Client User Account and (2) to prepare and submit your order:

- Step 1: [Create a RAS Account](#)
- Step 2: [Prepare and submit a RAS](#)

#### **3.3.23.4.2 Process to Submit a Request for Software (SW) to SSC**

The SSC Software Order Form must be used for all software requests and inquiries and must be submitted to: [ssc.softwareprocurement-provisionnementlogiciels.spc@canada.ca](mailto:ssc.softwareprocurement-provisionnementlogiciels.spc@canada.ca)

Note: any requests that come through the Request for Acquisition (RAS) intake desk directly by the customer will be rejected.

Once the form has been fully completed, including all mandatory fields marked with an asterisk, it will generate an email that will be sent to Software Provisioning and a Request for Acquisition (RAS) will be prepared on your behalf. We expect that the form will be created by the IT client but may first be emailed to whomever commits the funding for forwarding to SSC.

A Sole Source Justification form is required each time a non-competing request is made. Specifying a specific product, even if available from multiple resellers is considered non-competing. For [sole source software requests over \\$25K](#), SSC requires justification using a TBS Sole Source Contract form.

#### **3.3.23.4.3 How to Register for IT Procurement (IT Pro) User Account**

- To access IT Pro it requires the creation of a Client User Account and password
- [IT Pro](#): for ordering the following  
Use IT Pro for the following products: notebooks, tablets, desktops & workstations, MAC PCs, Laptops, Peripherals such as keyboards, mice, monitors, system components, Encrypted USBs, Office Supply (cables, webcams, laptop bags, mice, keyboards, etc).

#### **3.3.23.4.4 Network Equipment Support Services (NESS) - Networking Equipment & Maintenance**

Many of the items are available in the NESS portal and once access is gained to that portal, a purchase requisition can be entered and used as a list of deliverables.

The NESS portal is called Invoicing Support Information System (ISIS) and is a portal for accessing the catalogued items available under the NESS standing offer and enables the user to create a purchase request of specific items.

Requires creation of a Client User Account and password controlled:

- Contact the customer service link for the National Capital Region below or call (1-800-465-3030) to speak with an ISIS administrator.
- [NESS Link](#)

#### **3.3.23.5 Procurement – Contacts at SSC**

- SW –eRAS- SW Order Form Process: Provisioning Service, General SW Procurement Questions: [ssc.softwareprocurement-approvisionnementlogiciels.spc@canada.ca](mailto:ssc.softwareprocurement-approvisionnementlogiciels.spc@canada.ca)
- [NESS – ISIS portal](#)
- [Microcomputers](#) – IT Pro
- [Servers/Mass storage/Print etc – RAS- Print and Scanners](#)
- Physical Infrastructure Supply Arrangement (PISA) for data centres [ssc.pisa-aaaip.spc@canada.ca](mailto:ssc.pisa-aaaip.spc@canada.ca)
- [Telecom – Vendor service portals](#)

#### **3.3.23.6 References**

- Interpretation of Order in Council 2015-1071
- OiC 2015-1071 Questions and Answers
- [Shared Services Canada Service Catalogue](#)

### **3.4 Create the Contract / Procurement File and the Basic Support Documents**

The CA/PA is responsible for:

- Reading the basic principles related to the contract / procurement files (PAM 3.4.1)
- Creating the contract / procurement file (PAM 3.4.2);
- Assigning a file number to the contract / procurement file (PAM 3.4.3);
- Ensuring the appropriate content of the contract / procurement file (PAM 3.4.4);
- Displaying the various procurement documentation available in the contract / procurement file according to the format provided (PAM 3.4.5);
- Creating and maintaining the file register (PAM 3.4.6);
- Creating and maintaining the basic support documents (PAM 3.4.7);
- Ensuring to keep a proper audit trail for all the documents (PAM 3.4.8);
- Applying the security requirements for proper handling, packaging, transporting and transmitting of contract / procurement information / documents (PAM 3.4.9);
- Managing the contract / procurement file throughout the life of the procurement (PAM 5.1.13);
- Closing the contract / procurement file (PAM 6.0).

These efforts are required to ensure that all DND procurement has a corresponding complete record.

#### **3.4.1 The Contract / Procurement File: Basic Principles**

The CA/PA is responsible to:

- Maintain all relevant documentation on a contract/procurement file from opening to close out, to ensure a proper audit trail.

Sound record-keeping ensures that the management of a contract is easy and effective.

Without complete records, any possible disputes or claims may be difficult and time-consuming to sort out.

- to ensure that the records, both electronic and paper-based, are complete and kept up to date;
- create one file for each contract;
- Keep contract/procurement files in a known location.
- Ensure that files are in a central location or in a Contracting/Procurement Officer's cubicle.
- Track the contract/procurement files in a central registry to avoid tracking and audit problems/issues that can arise when someone leaves the section or the department.



- record contract information in a file register, to track any changes over the course of the contract;
- keep the contract/procurement files up-to-date with ongoing (daily or weekly) review of the files;

The CA/PA must **not** close out a contract at the end of fiscal year **unless** this is also the expiry date for the contract:

- The CA/PA must **not** close out Pre-commitments (PC) or Commitments (CO) at the end of a fiscal year unless the procurement and the contract are complete;
- To ensure a full audit trail, a PC or CO can only be closed out when it is fully completed or terminated;
- If a contract spans more than one fiscal year, then the applicable PC and CO is to be maintained for the full duration of the contract.

### 3.4.2 Create the Contract / Procurement File

A contract / procurement file folder must be created when a procurement requirement is received. It ensures a complete record from receipt of requirement to completion of each contract and of all procurement within the file.

All procurement documentation must be placed in an official DND procurement file folder.

The security class of the procurement file will correspond to the **highest** document security level within the file. The document security levels are:

Security Class	DND Stock # of this File	When to Use this File
Unclass	DND 701	All documents within the procurement file are unclassified
Protected A	DND 1363	A minimum of one document within the procurement file is considered "protected A" material
Protected B	DND 1351	A minimum of one document within the procurement file is considered "protected B" material
Confidential	DND 703	A minimum of one document within the procurement file is considered "confidential" material
Secret	DND 705	A minimum of one document within the procurement file is considered "secret" material

These procurement file folders can be ordered through the Supply System or obtained from any [Shared Support Services - Building Client Support Centres](#) (SSS/BCSC) within NDHQ. For procurement file requirements outside of NDHQ, please consult your local instructions.

### 3.4.3 Assign a File Number to the Contract / Procurement File

All contract / procurement file numbers must consist of 10 alphanumeric characters:

- Character 1 is W;
- Characters 2-7 identify the Cost Center (for example, 0002AA);
- Characters 8-10 are the serial numbers assigned by the Section or sequential number assigned by DRMIS.

The contract / procurement file folder cover has two fields labeled "File Number - Dossier", one in the top left corner and one along the left side. The assigned file number must be entered in at least one of these fields—it should either be written legibly with a black pen or fine-point black marker or printed on a computer-generated label and attached to the file folder.

### 3.4.4 Content of the Contract / Procurement File

The CA/PA is responsible to create and maintain the contract/procurement file with the following information:

- Record of payment form
- Requirement identification
- Financial information:
  - Auditable record of Expenditure Initiation Authority and FAA Section 32 approval
- Record of all required special approvals, for example:
  - Hospitality
  - Conferences, attendance and sponsorship
  - Membership
  - Sole Source/ No Substitute letter
  - ACAN
  - ROD for formal procurement strategy review
- Original invoices with backup documents and signatures
- Requisition summary sheet
- Contract summary sheet
- Contract tracking document
- Correspondence which may occur before, during, or after contract award and is in any way related to the contract:
  - emails
  - letters
  - record of conversations
  - minutes of meetings
  - records of decisions
- Procurement Instruments (PIs) (9200) and amendments with signatures
- Contract documents and amendments with signatures including PSPC contract, DND 626, PWGSC 942, etc.
- Decision to buy the good(s) or service(s)
- Supporting documentation and justifications
- Signed Accessibility Attestation form

- Evaluation Criteria and Plan
- Solicitation documentation:
  - proof of all companies invited to bid
  - telephone buy: ensure that sufficient information is kept on the file (including the script used) to document the process
- The bids or quotes themselves
- Evaluation results, showing all bids and their comparative evaluation
- Proof of contract reporting (copy of CDMS report summary page), when applicable
- Close-out process documents

### 3.4.5 Content Format of the Contract / Procurement File

Inside the contract / procurement file folder, the documents should be attached, with ACCO solid brass fasteners or a similar product.

#### 3.4.5.1 Content Format for Simple Procurement / Contract

Location	Documents	Detailed in PAM Chapter
Right side First sheet on top	Record of payment form	<a href="#">PAM 3.4.7</a> Basic Support Documents  <a href="#">PAM 6.1</a> Close out the Requirement
Right Side	Requirement identification	<a href="#">PAM 3.2</a> Review the Requirement for Procurement
Right Side	<ul style="list-style-type: none"> <li>• Financial information</li> <li>• Auditable record of Expenditure Initiation (EI) and FAA section 32 approval</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">PAM 3.2.4</a> Expenditure Initiation Authority</li> <li>• <a href="#">PAM 3.2.5</a> FAA Section 32 Authority</li> </ul>
Right Side	Record of all required special approvals, for example: <ul style="list-style-type: none"> <li>• Hospitality</li> <li>• Conferences, attendance and sponsorship</li> <li>• Membership</li> <li>• Sole Source/ No substitute letter</li> <li>• Advance Contract Award Notification (ACAN)</li> <li>• ROD for formal procurement strategy review.</li> </ul>	<b>Note:</b> <ul style="list-style-type: none"> <li>• This list is an example of some of the most common special approvals.</li> <li>• Include documentation of <b>any</b> approvals required in addition to the procurement and financial approvals indicated by the Delegation Matrix and PAM 1.4.</li> <li>• Special approvals are detailed throughout the PAM.</li> </ul>
Right Side	Invoices with backup documents and signatures	<a href="#">PAM 5.6</a> Account Verification and Payment Processing

Location	Documents	Detailed in PAM Chapter
Right Side	Requisition summary sheet	<a href="#">PAM 3.4.7</a> Basic Support Documents
Right Side	Contract summary sheet	<a href="#">PAM 3.4.7</a> Basic Support Documents
Right Side	Contract tracking document	<a href="#">PAM 3.4.7</a> Basic Support Documents
Right Side	Signed Accessibility Attestation form	<a href="#">PAM 1.10.2</a> Accessible Procurement
Right Side	Task tracking document	<a href="#">PAM 3.4.7</a> Basic Support Documents
Right Side	Correspondence	Record of any correspondence regarding the procurement.
Left Side	PI's (9200) and amendments with signatures	<a href="#">PAM 3.3.11</a> Procurement Through Public Services and Procurement Canada (PSPC)
Left Side	Contract documents and amendments with signatures including PSPC contract, DND 626, PWGSC 942, etc.	<a href="#">PAM 3.3</a> Develop Procurement and Contracting Documents

### 3.4.5.2 Content Format for Complex Procurement / Contract

Many contract / procurement file folders can be used for more complex requirement / procurement. Each procurement file folder will bear the same file number but a different volume number.

Example:

Procurement File Number	Volume Number	Documents
W0002AA001	Volume 1	<ul style="list-style-type: none"> <li>Record of payment form</li> </ul> <p>Invoices with backup documents and signatures</p>
	Volume 2	<ul style="list-style-type: none"> <li>Requirement identification</li> <li>Auditable record of EI and FAA section 32 approval</li> <li>Record of approval, including amendments</li> <li>Record of all required special approvals, for example: <ul style="list-style-type: none"> <li>Hospitality</li> <li>Conferences, attendance and sponsorship</li> </ul> </li> </ul>

Procurement File Number	Volume Number	Documents
		<ul style="list-style-type: none"> <li>○ Membership</li> <li>○ Sole Source/ No substitute letter</li> <li>○ ACAN</li> <li>○ ROD for formal procurement strategy review.</li> </ul>
	Volume 3	<ul style="list-style-type: none"> <li>● Requisition summary sheet</li> <li>● Contract summary sheet</li> <li>● Contract tracking document</li> <li>● Task tracking document</li> <li>● Correspondence</li> </ul>
	Volume 4	<ul style="list-style-type: none"> <li>● PI's (9200) and amendments with signatures</li> <li>● Contract documents and amendments with signatures including PSPC contract, DND 626, PWGSC 942, etc.</li> </ul>

### 3.4.6 File Register

The file register tracks the contract / procurement files from the time they are created and provides enough detail to allow for retrieval of archived files, if required, during their retention period.

The CA/PA must maintain a file register with, as a minimum, the following information:

- Procurement File Number
- Originator
- General Description of the requirement
- TA or PM
- Total Value
- Supplier
- Date Open
- Date Completed
- Date Archived.

[Download the form.](#)

### 3.4.7 Basic Support Documents

Basic support documents provide summaries and details of procurement actions throughout the life of the requirement. These documents facilitate procurement decisions and audits that may be required throughout the life cycle of the procurement. Depending on the complexity of the procurement, these documents can range from very simple spreadsheets to a specialized database.

The CA/PA is responsible for creating and maintaining these documents in the contract / procurement file, and should consult local instruction for any additional summary documents.

The basic support documents are:

- Requisition summary sheet;
- Contract summary sheet;
- Contract tracking document;
- Task tracking document;
- Record of payment form.

### Requisition Summary Sheet

**Purpose:** To provide a history of the requirement and serve as a reference when the contract / procurement file is circulated for approval and when and if the file is audited.

**Format:** [Download the form.](#)

### Contract Summary Sheet

**Purpose:** To provide a history of the contract and serve as a reference when the contract / procurement file is circulated for approval and when and if the file is audited.

**Format:** [Download the form.](#)

### Contract Tracking Document

**Purpose:** To provide a complete list of deliverables for this procurement and record their associated contract numbers. This form is required only where the original requisition results in multiple contract documents.

**Format:** Must, as a minimum, include the information in the format provided in the [form](#).

### Task Tracking Document

**Purpose:** To provide a complete list of tasks associated with a contract. It is required only for those contracts that will have taskings/call-ups.

**Format:** Must, as a minimum, include the information in the format provided in the [form](#).

### Record of Payment Form

**Purpose:** To provide a complete list of deliverables associated with this procurement file and record their associated receipt and payment dates. The form must be kept on file with either the contract or its associated taskings, or both (with any contract document that has scheduled deliverables).

**Format:** Must, as a minimum, include the information in the [form](#).

### 3.4.8 Audit Trail

The audit trail of a document can be satisfied through many ways depending on the type of document.

The CA/PA must ensure that the audit trail of each document is as follows:

- For signed documents (ex.: contract, contract amendment, etc):
  - Scanned in version of documents saved in RDIMS; and/or
  - Hard copy of documents filed on the procurement file.
- For documents that do not bear a signature (unsigned documents):
  - Soft copy of documents saved in RDIMS; and/or
  - Hard copy of documents filed on the procurement file.

### 3.4.9 Security Requirements for Contract/Procurement information

The CA/PA is responsible to read, understand and apply the security requirements related to all aspects of contract / procurement information, including handling, packaging, transporting and transmitting.

The direction in [PAM 1.7](#) must be followed.

The Security Information Standards in [NDSOD Chapter 6](#) will be applied throughout the procurement/contracting process

### 3.4.10 References

- [National Defence Security Instructions \(NDSI\) 27 – Classification and Designation of Information](#)
- National Defence Security Policy (NDSP):
  - [Chapter 10, Handling, packaging, transporting and transmittal of sensitive information](#);

## 3.5 Review and Contribute to the Evaluation Plan

3.5.1 Overview

3.5.2 Roles and Responsibilities of the Integrated Product Team

3.5.3 Evaluation Criteria

3.5.4 Selection Methods

3.5.5 References

[ANNEX 3.5 A Evaluation Plan Outline](#)

### 3.5.1 Overview

The evaluation plan is a mandatory tool used to assess industry's proposals in response to:

- A Request for Proposals (RFP): A solicitation method used to procure goods and services that, while generally used for requirements of \$25,000 or more, is often employed for requirements where the selection of a supplier cannot be made solely on the basis of the lowest price. An RFP is used to procure the most cost-effective solution based upon evaluation criteria identified in the RFP.
- An Invitation to Tender (ITT): A bid solicitation document used by PSPC when:
  - The estimated value of the requirement exceeds \$25,000
  - Two or more sources are considered capable of supplying the requirement
  - The requirement is adequately defined in all respects to permit the evaluation of tenders against clearly stated criteria
  - Tenders can be submitted on a common pricing basis
  - The intention is to accept the lowest-priced responsive tender without negotiations.

The evaluation plan must:

- Provide for the objective and transparent evaluation of industry's proposals;
- Be sufficiently rigorous to withstand the very close scrutiny of legal appeals from non-winning bidders to the trade tribunal;
- Be developed prior to the release of the RFP;
- Be available at the same time as the RFP;
- Remain the same from the time the RFP is released until contract award;
- Be generic enough to allow for a true competitive process. It is illegal to develop an evaluation plan that restricts the competition to only one supplier.

### 3.5.2 Roles and Responsibilities of the Integrated Product Team

The evaluation plan is produced by the Integrated Product Team, which usually includes the PM, PD, TA, PA and CA.

For an MCP, other government departments may be involved in developing portions of the evaluation plan specific to their areas of concern. For example, Industry Canada may develop any criteria related to IRBs.

The evaluation plan identifies:

- Evaluation team membership:
  - As a minimum, 3 individuals are required to evaluate the proposals;
  - Contractors/consultants may be members of the evaluation team, and if so bidders must be notified of this when the RFP is released;
- Team organization;
- The evaluation criteria, both mandatory and point-rated;
- The supplier selection method.



The PA's specific responsibilities are to:

- Review the draft RFP;
- Provide guidance in the development of the evaluation plan;
- Review the evaluation plan and provide comments and suggestions to the TA;
- Review the evaluation criteria to ensure that:
  - They allow for true competition—that is, many suppliers can submit a proposal
  - They are not too restrictive
  - They consist of valid elements, requirements and capabilities
  - The mandatory and the point-rated items do not contradict each other;
  - The “learning curve efficiency” is considered during the evaluation process to help ensure and optimize the value for money.

An evaluation criteria should outline that the costs submitted by the suppliers reflect a learning curve efficiency.

- Review the evaluation method to ensure the evaluation method is:
  - Appropriate for the requirement;
  - Clear and in concurrence with the evaluation methods provided in PAM 3.5.4;
- Ensure a copy of the proposal, or applicable portion of the proposal, is available for each member of the evaluation team.

**Note:** The PA may also be a member of the evaluation team.

The following evaluation strategy checklist shows the steps defining the evaluation process:

1.	Identify the stakeholders (e.g. internal stakeholders, PSPC, Industry Canada, etc.).	
2.	Organize the evaluation team.	
3.	Clarify and confirm the project's objectives (operational requirements, socio-economic objectives, etc.	
4.	Clarify and confirm the project's constraints (budget, national objectives, etc.).	
5.	Identify and achieve consensus on what is to be evaluated (degree to which the proposal meets performance specifications, national objectives, cost, etc.)	
6.	Identify who is responsible for evaluating each criterion.	
7.	Define the weights to be assigned to each evaluation criterion;	
8.	Identify the selection method to be used (PAM 3.5.4)	
9.	Identify the milestones for the evaluation process.	
10.	Arrange for formal records of all evaluation activities and decisions that might be required to justify decisions after the fact.	
11.	Identify and organize any training requirement for the evaluation team members.	

PAM Annex 3.5.A shows a sample evaluation plan outline.

A detailed example illustrating a comprehensive evaluation plan is provided [Example of Classifications of Evaluation Criteria](#).

### **3.5.3 Evaluation Criteria**

- 3.5.3.1 Types of Evaluation Criteria
- 3.5.3.2 Classifications of Evaluation Criteria

The IPT is responsible for establishing the actual criteria used, their classification (mandatory or point-rated criteria) and the relative weighting of the point-rated criteria.

#### **3.5.3.1 Types of Evaluation Criteria**

The number and types of criteria must be adequate for comparative judgement. They should measure both the competence of the bidder and the worth of the bidder's particular technical approach. The criteria include:

##### **a) Technical Factors**

- Understanding of the requirement
- Overall design approach
- Coherence of proposed work plan
- Recognition of potential problem areas
- Assessment of proposed solutions to potential problems
- Adequacy of contractor facilities
- Capability for quantity production
- Quality assurance system
- Key technical personnel

##### **b) Project Management and Company Capabilities**

- Project organization—responsibility and authority relationships
- Key project management personnel
- Project planning and control system
- Cost-schedule control and reporting system
- Adequacy of facilities
- Use of consultants
- Performance on previous contracts

##### **c) Financial Management Considerations**

- Ratio of project price to total sales per year for current and previous year
- Long-term debt ratio (long-term debt / shareholders equity)
- Current ratio (current assets / current liabilities)
- Contractor's line of credit and available working capital

##### **d) Administrative Requirements – compliance with RFP requirements for**

- Type of contract, for example cost plus incentive fee
- Milestone payments
- Progress reporting
- Special terms and conditions
- Quality control

#### e) Socio-Economic Considerations

Used only when recommended by the Procurement Review Committee, or when the procurement will be used to promote specific Government objectives/obligations such as aboriginal land claim agreements.

#### f) Aboriginal Evaluation Criteria

In support of the [Procurement Strategy for Aboriginal Business](#), evaluation criteria may be used in procurement when a requirement is set aside, or when it is not set aside but is not subject to international trade agreements.

If there is not enough competition among Aboriginal suppliers or when there are no Aboriginal suppliers at all for the requirement, the contracting authority may decide to include Aboriginal economic development, such as sub-contracting plans, in the evaluation criteria.

### 3.5.3.2 Classifications of Evaluation Criteria

Evaluation criteria can be assessed in 2 ways:

#### a) Mandatory Criteria

Mandatory criteria are evaluated on a simple pass/fail basis. The bid solicitation document must clearly indicate that failure to meet any of the mandatory criteria will render the bid non-compliant and that the bid will be given no further consideration.

Mandatory criteria must:

- Be grouped together and highlighted in the bid solicitation document;
- Never be changed or relaxed in any way from the time the RFP is released until after bid closing;
- Be kept to a minimum and restricted to essential elements, requirements and capabilities of the bidders, as needed to do the work;
- Be expressed by using imperative verbs such as "shall", "must";
- Not establish unnecessary limits to competition.

Examples of Mandatory Evaluation Criteria	
•	Financial Stability of the Bidder (to be determined by cost analyst)
•	Compliance with Licensing Requirements
•	Essential Performance Characteristics of Equipment
•	Essential Minimum Qualifications of Personnel
•	Budget Limit
•	Commitment to Meet Delivery Deadline

- Compliance with Technical Requirements
- Compliance with Certifications
- Special security requirements
- Controlled Technology Access Transfer requirements.

#### b) Point-rated Criteria

A minimum requirement is established by setting a passing mark that a bid must meet to be considered a valid and responsive proposal. Additional points are awarded, over and above the satisfaction of the minimum requirement, reflecting the value added.

Point-rated criteria must:

- Be stated clearly in the bid solicitation document indicating factors being scored and their value;
- Never be changed or relaxed in any way from the time the RFP is released until after bid closing;
- Be established to enhance and not conflict with any mandatory criteria;
- Be grouped together and highlighted in the bid solicitation document;
- Not establish unnecessary limits to competition.
- Evaluation criteria can be subject to both a mandatory and a point-rated evaluation system. For example, it could be mandatory for a bidder to have previous experience in a specific area of expertise, and then the level of experience that exceeds the minimum mandatory criteria can be subject to point rating.

A detailed example illustrating a comprehensive evaluation plan is provided [Example of Classifications of Evaluation Criteria](#).

### 3.5.4 Selection Methods

- 3.5.4.1 Lowest-priced Responsive Proposal
- 3.5.4.2 Lowest Responsive Cost-per-point Proposal
- 3.5.4.3 Highest Responsive Combined Rating of Technical Merit and Price
- 3.5.4.4 Highest-rated Responsive Proposal within a Stipulated Maximum Budget

The IPT is responsible for determining the selection method.

#### 3.5.4.1 Lowest-priced Responsive Proposal

Price is the governing factor of supplier selection.

The winning bidder must:

- Met or exceed mandatory criteria;
- Meet or exceed minimum score for rated criteria;
- Submit the lowest-priced proposal.

This method is used for:

- Most goods requirements;
- Basic services, which have a limited number of straightforward technical approaches to the problem;
- Requirements where the scope of work can be clearly defined;
- Requirements where firm price can be determined and supported with a high degree of confidence.

### Example 1

The lowest-priced responsive bid within a identified minimum % pass score (in this example, the minimum 70% of the technical/management points, or Company A) will be selected.

Requirement	Point Rating	Company A	Company B	Company C
Management	50	40	47	30
Technical	50	33	35	32
Total Score	100	73	82	62
Proposed Costs		\$25,000	\$30,000	\$24,000

#### 3.5.4.2 Lowest Responsive Cost-per-point Proposal

Price and quality are equal governing factors of supplier selection.

The winning bidder must:

Meet or exceed mandatory criteria;

- Meet or exceed the minimum score for rated criteria;
- Submit the lowest cost-per-point proposal. The cost per point is calculated as follows: total price of the bid / total points awarded to technical criteria.

This method is used for:

- Medium- to high-complexity requirements;
- Requirements where bidders are expected to provide solutions to a problem;
- Requirements where the scope of work and expected result cannot be clearly defined;
- Requirements where flexibility in the performance of the work is expected or required.

### Example 2

The lowest cost per point is calculated from a ratio of the technical points scored in relation to the estimated price for each compliant proposal as evaluated. Since  $\$27,000 / 96 = \$281$  (rounded) and is the lowest cost per point of the three bidders, Company C is selected.

Requirement	Point Rating	Company A	Company B	Company C
Management	50	40	47	50
Technical	50	33	35	46
Total Score	100	73	82	96
Proposed Costs		\$25,000	\$30,000	\$27,000
Cost Per Point		\$342	\$366	\$281

### 3.5.4.3 Highest Responsive Combined Rating of Technical Merit and Price

The evaluation team determines the relative importance of price, managerial and technical components by assigning weighting factors.

The winning bidder must:

- Meet or exceed mandatory criteria;
- Meet or exceed minimum score for rated criteria;
- Submit the highest overall scored proposal based on weighting factor.

This method is used for:

- Medium- to high-complexity requirements;
- Requirements where bidders are expected to provide solutions to a problem;
- Requirements where the scope of work and expected result cannot be clearly defined;
- Requirements where flexibility in the performance of the work is expected or required.

### Example 3

This method involves a "weighting" of the relative importance of technical/managerial and price components. Typically, the proposal is scored at a minimum acceptable pass percentage (such as 70%) of the total point in the technical/management evaluation criteria. The lowest-priced technically acceptable proposal will then score the maximum percentage allocated in the contractor-ranking section for price, and each subsequent proposal will be pro-rated accordingly. Since Company C has the highest rating, it is selected.

Contractor	Technical (60%)	Price (40%)	Overall Score
Company A			
Bid \$25,000	$\frac{73 \times 60\%}{100} = 43.80$	$\frac{25,000 \times 40\%}{25,000} = 40$	$43.80 + 40 = 83.80$
Tech Score 73	100	25,000	
Company B	$\frac{82 \times 60\%}{100} = 49.20$	$\frac{25,000 \times 40\%}{25,000} = 33.33$	$49.20 + 33.33 = 82.53$

Bid \$30,000	100	30,000	
Tech Score 82			
Company C			
Bid \$27,000	$96 \times 60\% = 57.60$	$25,000 \times 40\% = 37.03$	$57.60 + 37.03 = 94.63$
Tech Score 96	100	27,000	

#### 3.5.4.4 Highest-rated Responsive Proposal within a Stipulated Maximum Budget

In this method, the CA sets a maximum budget. Normally, this method of selection is used in such cases as scientific work, where the CA wants the most it can get for the available dollars, and selection of a supplier will depend on many things in addition to price.

#### Example 4

This places higher emphasis on the technical merit and managerial aspects of the project. Thus, while Company C's proposed costs are not the lowest, for the stipulated budget it is considered adequate, and the total management and technical score is the highest—Company C is selected.

Requirement	Point Rating	Company A	Company B	Company C
Management	50	40	47	50
Technical	50	33	35	46
Total Score	100	73	82	92
Proposed Costs		\$25,000	\$30,000	\$27,000

#### 3.5.5 References

- PSPC's [Basic Guidelines on Bid Evaluation and Contractor Selection Methodology](#), Section 7
- PSPC Supply Manual [4.35 Evaluation Criteria](#)
- [Evaluation Methodologies](#)

#### ANNEX 3.5.A EVALUATION PLAN OUTLINE

The following outline of an evaluation plan may be tailored to meet the requirements of a specific project or situation.

1. Introduction
  - 1.1 General Information
  - 1.2 Objectives
  - 1.3 Evaluation Factors
  - 1.4 Evaluation Plan Format
2. Evaluation Concept

- 2.1 General Information
- 2.2 Outline of Evaluation Stages
- 2.3 Methodology
- 2.4 Alternate Proposals
- 2.5 Official Language Requirements
- 2.6 Other Documents
- 3. Organization
  - 3.1 General Structure and Statement of Tiers
  - 3.2 Evaluation Organization Approach
- 4. Appointments and Responsibilities
  - 4.1 Evaluation Authority
  - 4.2 Evaluation Coordinator
  - 4.3 Evaluation Manager
  - 4.4 Tier Structure for Area/Subject Evaluation Teams, Factor Evaluation, Review Boards, Selection Review Authority
  - 4.5 Approval Authority
- 5. Evaluation Stages
  - 5.1 PSPC Initial Screening
  - 5.2 Compliance Screening
  - 5.3 Detailed Evaluation
  - 5.4 Risk Assessment
  - 5.5 Proposal Ranking
  - 5.6 Negotiation of Draft Contract
  - 5.7 Preparation of Recommendations to Ministers
- 6. Scoring the Proposals
  - 6.1 Mandatory Requirements
  - 6.2 Non-mandatory Requirements
  - 6.3 Methodology
  - 6.4 Evaluation Criteria
- 7. Evaluation Instructions
  - 7.1 General Instructions
  - 7.2 Clarification of Contractor Responses
  - 7.3 Verification/Validation
  - 7.4 Security Instructions
  - 7.5 Rules of Conduct
  - 7.6 Travel and Accommodation
  - 7.7 Reporting

A detailed example illustrating a comprehensive evaluation plan is provided [Example of Classifications of Evaluation Criteria](#).



### 3.6 Solicitation Process

This section elaborates on the following solicitation processes:

- PAM 3.6.1: Request for Quotes (RFQ)
- PAM 3.6.2: Invitation to Tender (ITT)
- PAM 3.6.3: Request for Proposals (RFP)
- PAM 3.6.4: Advance Contract Award Notification (ACAN)
- PAM 3.6.6: U.S. DoD Foreign Military Sales (FMS).

As required by Section 5 of the Government Contracts Regulations (GCR), the contracting authority is to solicit bids before any contract is entered into.

One exception to this process is any purchase from CORCAN, which is not subject to trade agreements or to the TB Contracting Policy. TB [PN 1999-2](#) explains this process.

Because it is not always possible, practical or cost-effective to seek bids for every proposed contract, Section 6 of the GCR permits certain exceptions, which are outlined in PAM 3.1, Table [3.1.1-1](#).

When one of the exceptions defined by this table is used, the justification must be fully documented in the procurement file as follows:

- A sole source letter must be signed by the Procurement Director for all sole source requirements (PAM [3.1.1](#));
- If the requirement is over \$2M, a sole source justification must also be identified in an approved procurement strategy document (PAM 3.1.1).

The PA is responsible for the solicitation process for all contracts for goods and services which are within their delegated contracting authority (PAM [3.3.9](#) and PAM [3.3.10](#)).

TB's [Contracting Policy, article 10.7](#), describes the RFQ, ITT, RFP and ACAN solicitation processes more fully.

PSPC and ADM(Mat) Procurement Directorates use the approved national electronic bidding and information service referred to as the Government Electronic Tendering Service (GETS), which provides supplier subscribers access to government procurement opportunities and is usually used for requirements over \$25K.

#### 3.6.1 Request for Quotes (RFQ)

An RFQ is used in a competitive process to solicit quotations for price and delivery from suppliers for well-defined goods (below \$5K excluding taxes), or for simple services described in a SOW (below \$25K including taxes).

The RFQ may not include all of the terms and conditions required to produce a contract, and the response or quotation provided by the bidder may be included in the applicable contract

document, along with the terms and conditions and final pricing. (PSPC Supply Manual, [4.10.1 Request for Quotation](#))

Under normal circumstances, procurement under \$25K requires:

- Up to and including \$1,000 (taxes included) - one quote,
- Over \$1,000 (taxes included), up to and including \$2,500 (taxes included) - two quotes,
- Over \$2,500 (taxes included) - three quotes.

The requirement must not be split to stay under the PA's delegated contracting authority.

The PA may complete a formal RFQ in DRMIS. Other acceptable methods of obtaining quotes include:

- Fax or other written document: The PA will keep a copy in the procurement file.
- Telephone quote: Written confirmation from the vendor is not required for quotes received by telephone but the PA must record the details of the telephone bid on the procurement file.
- Vendor catalogue/internet price: The PA will document the price and source in the procurement file.

**Note:** The PA will ensure that, when using a list of suppliers (**source list**), all bidders receive equal opportunity to quote on rotation and that these lists are updated regularly to allow new suppliers to be added.

During the bid evaluation process, the PA will evaluate all quotes received against the criteria stated in the RFQ (PAM 4.1).

[PAM 3.3.9](#) provides details of the process for procurement of goods and services under \$5K (taxes included). [PAM 3.3.10](#) explains the procurement of services between \$5K (taxes included) and \$25K (taxes included).

### **3.6.2 Invitation to Tender (ITT) >\$25K (taxes included)**

An ITT is used in the competitive process to solicit tenders through PSPC when all of the following apply:

- Two or more suppliers are capable of fulfilling the requirement;
- Tenders can be evaluated against very clearly stated criteria;
- Tenders are likely to have a common pricing basis;
- The lowest-priced responsive tender is to be accepted without negotiations.

An ITT should clearly identify the requirement, the terms and conditions of the resulting contract, the bidding and evaluation procedures applicable to the competitive process being followed, and the closing date of the competition.

#### **3.6.2.1 ITT Process**

a) The PA completes the 9200 requisition for goods or services as described in PAM 3.3.11;

- b) PSPC creates the ITT from the information supplied in the 9200 requisition and seeks tenders through the Government Electronic Tendering Service (GETS) electronic bidding system;
- c) PSPC sends tenders received to the PA;
- d) The PA reviews the tenders against the requirement and evaluation criteria provided and returns them to PSPC (PAM 4.1).

### **3.6.3 Request for Proposal (RFP)**

An RFP should be used when:

- Only one source is being solicited; or
- It is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement; or
- There is a need for suppliers to propose a solution to a problem (according to criteria also identified in the RFP) and the selection of the contractor is based on the effectiveness of this proposed solution rather than on price alone.

The RFP will describe the requirement in a SOW or a Performance Specification and will include all the terms and conditions that will apply to the resulting contract, the evaluation criteria that will be used to choose the winning proposal, other conditions that will apply to the bidding process and the format of the bid, and the closing date and time of the competition.

#### **3.6.3.1 RFP through a Supply Arrangement**

The RFP form to use with a Supply Arrangement is the 9200-11. PAM 3.3.4 explains the process to follow. Requirements that will exceed the maximum contract limit identified on the SA must be sent to PSPC for action as described in PAM 3.6.3.3.

Note: Use of an SA is subject to the delegated contracting authority defined in Column 24 of the [Delegation Matrix](#).

#### **3.6.3.2 Soliciting bids through ADM(Mat) Procurement Directorate**

There are three methods for soliciting proposals:

- 3.6.3.2.1 Electronic Bidding - Government Electronic Tendering Service (GETS)
- 3.6.3.2.2 Limited Tendering - Traditional Competitive methods
- 3.6.3.2.3 Limited Tendering - Sole Source

During the solicitation period, the PA and the TA must not have direct contact with any potential suppliers regarding the solicitation. To do so may affect the integrity of the bidding process. All enquiries directed to the PA/TA must immediately be brought to the attention of the ADM(Mat) Procurement Directorate.

For details on roles and responsibilities during the bid evaluation process, see PAM 4.1.3

### **3.6.3.2.1 Government Electronic Tendering Service (GETS)**

The posting periods of requirements are as follows:

- Requirements that are subject to the Canadian Free trade Agreement (CFTA) only must be posted on GETS for a period that provides a reasonable period of time for suppliers to prepare and submit responsive tenders (CFTA, article 501). It is recommended that a solicitation be posted for a minimum of 15 calendar days;
- Requirements subject to NAFTA and/or WTO-AGP must be posted on the GETS for a minimum of 40 calendar days;
- At the discretion of the ADM(Mat) Procurement Directorate contracting authority, in consultation with the TA and PA, a requirement may be posted on the GETS for more than minimum period to allow all potential bidders sufficient time to prepare a response to the solicitation.

The ADM(Mat) Procurement Directorate CA will:

- Prepare and post the solicitation document on the GETS;
- Act as the sole point of contact for all suppliers during the solicitation period and seek answer on all technical questions from the PA/TA;
- Review the responses and publish as amendments on the GETS to allow for simultaneous distribution to all potential suppliers;
- Receive proposals from potential suppliers; and
- Forward the technical proposals to the PA/TA for evaluation.

### **3.6.3.2.2 Limited Tendering - Using Traditional Competitive methods**

For requirements subject to national and/or international trade agreements, traditional competitive methods may be used to solicit bids if one of the limited tendering reasons contained in the trade agreements applies. In such instances, the TA/PA must provide the relevant reason(s) and the ADM(Mat) Procurement Directorate CA will determine if it is applicable.

For requirements not subject to any trade agreements, ADM(Mat) Procurement Directorate CA may determine the appropriate method to solicit bids is using traditional competitive methods. In such instances, the TA/PA will provide the ADM(Mat) Procurement Directorate CA with a minimum of three (3) potential suppliers.

ADM(Mat) Procurement Directorate CA will:

- Prepare the solicitation and forward the solicitation package to the identified suppliers (the solicitation period will normally be a minimum of 15 calendar days);
- Act as the sole point of contact for all suppliers during the solicitation period and seek answer on all technical questions from the PA/TA;
- Receive proposals from potential suppliers; and
- Forward the technical proposals to the PA/TA for evaluation.

### 3.6.3.2.3 Limited Tendering -Sole Source

Subject to the Government Contracts Regulations (GCRs), requirements may be directed to a pre-identified supplier.

Section 6 of the GCRs permits the setting aside of the requirement to solicit bids when:

- a. The need is one of pressing emergency in which delay would be injurious to the public interest;
- b. The total estimated expenditure does not exceed \$25,000 (Goods and Services Tax included) and the contracting authority determines it is not cost-effective to solicit bids;
- c. The nature of the work is such that it would not be in the public interest to solicit bids; or
- d. Only one person or firm is capable of performing the contract.

If the sole source is justified using exception 6(d) of the GCR, the PA/TA must answer the Treasury Board questionnaire. For additional information on exceptions, refer to the Contracting Policy, section 10.2, Treasury Board of Canada Secretariat (TBS).

The ADM(Mat) Procurement Directorate CA, in consultation with the PA/TA, will determine whether an Advanced Contract Award Notice (ACAN) should be published on the Government Electronic Tendering Service (GETS) or if a contract will be directed to a pre-identified supplier without posting an ACAN on the GETS. If DND is not in a position to accept a Statement of Capabilities from another supplier, an ACAN must not be used.

The PA will provide the following information to the CA:

- the mandatory capabilities of the supplier;
- Identify the supplier;
- Justifications why the resulting contract should be directed to a specified supplier.
- Verification that the justification is reasonable and has been certified by the client's responsible Level 3; and
- a price proposal from the specified supplier.

The PA/TA will provide confirmation that the price proposed is considered reasonable. If required, the D Svcs C CA will seek price support from the supplier.

The ADM(Mat) Procurement Directorate CA will:

- Review the documentation to ensure it provides sufficient justification to warrant directing the contract IAW TB policy.
- Publish an ACAN, if applicable, for a minimum of 15 calendar days.
- Issue a contract in accordance with the competitive contracting authority of the Financial [Delegation Matrix in A-FN-100-002/AG-006](#), if an ACAN was published and no Statement of Capabilities was received.

- Issue a contract in accordance with the non-competitive contracting authority of the [Financial Delegation Matrix in A-FN-100-002/AG-006](#) if an ACAN was NOT published and the ADM(Mat) Procurement Directorate CA is satisfied with the justification.

### 3.6.3.3 RFP through PSPC

For an RFP for goods and services over the DND contracting authority (tax included):

- a) The PA completes the 9200 requisition for goods or services as described in [PAM 3.3.11](#);
- b) PSPC creates the RFP from the information supplied in the 9200 requisition. For more complex procurements, a team composed of the PSPC contract authority, DND PA, LCMM, PM, ILS Manager and QAR work together to create the RFP. In this situation, the 9200 requisition may consist of just the front page identifying the requirement and containing the authorized DND signatures.
- c) For complex procurement, where the PA has not been involved in the creation of the RFP, the PA makes a request to review the draft RFP before it is sent to the Government Electronic Tendering Service (GETS) to ensure that the requirement and the necessary terms and conditions from the 9200 have been included.

Other considerations which may apply to the RFP:

- Canadian Content Policy (PSPC Supply Manual, Annex 3.6);
  - Comprehensive Land Claims: Where a contract is for the procurement of goods, services or construction in a settlement area or national park, these activities are subject to the contracting obligations that are found in the applicable agreement. (PSPC Supply Manual, [7A.004](#) and TB [PN 1997-8](#))
  - Letter of Interest (LOI): Proposal preparation is often costly to industry. To keep the total cost to industry down while ensuring freedom of access to potential suppliers, consideration should be given to soliciting proposals in two steps. During the first step of this process, suppliers are requested to provide letters of interest, from which a short list is developed. During the second step, suppliers on the short list are requested to submit detailed proposals. This will not restrict suppliers not included on the short list from requesting the RFP and submitting a proposal.
    - PSPC will create the request for LOI from the information supplied in the 9200 requisition and post it on the Government Electronic Tendering Service (GETS) electronic bidding system.
    - PSPC will forward industry responses received to the PA. The project team will review the industry responses and use the information to adjust the SOW and prepare the final RFP.
- d) PSPC uses the final RFP to:
- Seek proposals on the Government Electronic Tendering Service (GETS) electronic bidding system; or
  - Negotiate a sole source contract with the vendor; or
  - Advertise the intent to let a sole source contract through an ACAN (PAM 3.6.4).

e) The PA evaluates proposals received against criteria stated in the RFP ([PAM 4.1](#)).

The PSPC Supply Manual [Chapter 5](#) provides complete information on the PSPC evaluation process.

The time frame for publication on the Government Electronic Tendering Service (GETS) will depend on the trade agreement impacted, as shown in the [Trade and Government Agreements](#) table. Therefore it is important for the PA to consider this when preparing the procurement schedule and estimated delivery date.

### **3.6.4 Advance Contract Award Notification (ACAN)**

An ACAN may be used when:

- The requirement is \$25K or greater;
- It meets TB's criteria for exceptions to competition (PAM 3.1, [Table 3.1.1-1](#) contains a summary);
- DND is open to accept bids from other vendors (that is, when proprietary rights are not involved);
- The CA determines an ACAN is appropriate.

#### **3.6.4.1 ACAN Process**

The contracting authority posts a notice on the Government Electronic Tendering Service (GETS), as allowed by the ACAN process, for no less than 15 calendar days, indicating to the supplier community the intention to award a contract for goods, services or construction to a pre-identified contractor.

- If an acceptable statement of capabilities (challenge) is received from another potential supplier, the ACAN process is stopped. An RFP process must be followed instead (PAM 3.6.3);
- If, during this posting period, no other supplier submits a statement of capabilities (challenge) that meets the requirements set out in the ACAN, this means that the competitive requirements of the Government's Contracting Policy have been met. PSPC/DND D Svc C may award the contract using their competitive contract approval level. In this situation, the ACAN is considered a competitive process.

The PA will then evaluate the vendor proposal against the requirement ([PAM 4.1](#)).

The TB [Guide for Managers - Best Practices for Using Advance Contract Award Notices](#) provides specific details on the ACAN process.

### **3.6.5 Communication with Industry During the Bidding Process**

To ensure the integrity of the competitive bid process, inquiries and other communications regarding the bid solicitation must be directed only to the Contracting Authority identified in the bid solicitation.



Care must be taken to not provide classified, designated, nor commercial in confidence information. Only information that could normally be provided to the public should be given in the context of an RFP.

When an ADM(Mat) Procurement Directorate or PSPC is the Contracting Authority, that organization will forward any questions received from bidders to the PA and the TA/originator of the requirement for review. The PA will send the response back to the Contracting Authority.

When the Procurement Authority (PA) is the Contracting Authority, he or she will be the one receiving the questions and forwarding them to the Technical Authority (TA)/originator for response.

The CA will forward the questions and the DND answers to all bidders so that everyone has the same information.

A Bidders' Conference, as explained in the [PSPC Supply Manual, 4.30.45.15](#), may be held to provide information to potential bidders, and to ensure that all potential bidders receive the same information. A conference is to be held only when such a meeting is required for potential bidders to fully understand the proposed procurement. Bidder attendance is optional. The PSPC contracting authority arranges and chairs the conference. The PA and TA attend the conference to provide answers to questions on the requirement.

While bidder attendance at site visits may be optional or mandatory, mandatory visits to sites apply to all potential bidders—even those who contend they are already familiar with the site in question. Therefore the need for a mandatory site visit should be carefully examined and documented in the file as part of the procurement planning. Consideration should be given to the cost and relative hardship imposed on potential bidders not in the immediate vicinity of the site when deciding if a site visit will be mandatory.

When there is to be a bidder's conference or site visit, the bid solicitation documents must clearly state that there will be an optional bidder's conference or optional/mandatory site visit and indicate the location, date and time.

DND (PA or TA) will arrange visit clearances for all those who are attending the site visit.

### **3.6.6 Foreign Military Sales (FMS)**

The PSPC Washington (W) office handles all FMS procurements in its capacity as the sole accredited Canadian Procurement Agency to the U.S. Department of Defence (DoD). ([PSPC Supply Manual, 9.15 United States Foreign Military Sales](#)).

When DND must satisfy a requirement through FMS, the file is forwarded to PSPC (W) after the receiving PSPC organization (headquarters or region) carries out the initial requisition review. PSPC headquarters will include in the reallocated file a statement confirming the sole source decision with applicable documentation. PSPC (W) will solicit a proposal from the US DoD by submitting a Letter of Request (LOR), which will contain the DND requirement described in the 9200 Requisition. The Department of Defence will reply with a Letter of Offer and Acceptance (LOA).



The standard period of time for a response from the U.S. DoD to an LOR is:

- a) 45 days from the date of receipt of the LOR for an official Price and Availability;
- b) 90 days from the date of receipt of the LOR for an LOA not requiring notification to Congress;
- c) 105 days from the date of receipt of the LOR for an LOA requiring notification to Congress (applicable to acquisitions of equipment valued at \$14,000,000 or more);
- d) Up to nine months when technical data packages need special inquiries or studies.

Upon receipt of the LOA, PSPC (W) will only forward it to the PA for review if it is different from the LOR, otherwise PSPC (W) will sign the LOA on behalf of Canada ([PAM 4.2](#)).

### **3.6.7 Notice of Proposed Procurement (NPP)**

A NPP is used for those DND and CAF requirements posted on the government's electronic tendering system (i.e., Government Electronic Tendering Service (GETS)) and, if applicable, published in the Government Business Opportunities (GBO) publication (i.e., if subject to the NAFTA and/or CETA and/or WTO-AGP).

The NPP provides notice to suppliers of upcoming requirements.

The text of a NPP should contain sufficient information to allow a supplier to decide whether to order a bid document. NPPs require at least two days for processing before they appear on the Government Electronic Tendering Service (GETS) and in the Government Business Opportunities (GBO) publication. For requirements subject to NAFTA/CETA/WTO-AGP, the publication of the NPP on the Government Electronic Tendering Service (GETS) may be delayed to coincide with publication of the NPP in Government Business Opportunities (GBO).

NPPs are posted for a minimum of:

- 30 days for requirements not subject to trade agreements; and
- 40 days for requirements subject to NAFTA/CETA/WTO-AGP.

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## 4.0 EXECUTE PROCUREMENT

**All employees who have contracting authority above \$25K must refer to MMI 1355 for instructions on how to exercise the increased delegation.**

### 4.1 DND's Role in the Bid Evaluation Process

The DND roles and responsibilities in the bid evaluation process depend on who the contracting authority (CA) is:

- 4.1.1 Roles and Responsibilities in the Bid and Evaluation Process when Public Services and Procurement Canada (PSPC) is the CA
- 4.1.2 Roles and Responsibilities in the Bid and Evaluation Process when DND is the PA
- 4.1.3 Roles and Responsibilities in the Bid and Evaluation Process When and an ADM(Mat) Procurement Directorate is the CA

#### 4.1.1 Roles and Responsibilities in the Bid Evaluation Process when PSPC is the CA

##### 4.1.1.1 PA's Responsibilities

The PA's responsibilities when PSPC is the CA are to:

- Ensure the following if a consultant is a member of the evaluation team:
  - Inform the CA;
  - Ensure that the bidders were made aware a consultant is a member of the evaluation team at the time the RFP was released;
  - Ensure that bidders are aware that the consultant's company is not bidding on the requirement;
  - Ensure that the consultant signs a non-disclosure agreement (refer to [PAM 3.3.11](#), [ANNEX 3.3.11.D](#), [ANNEX 3.3.11.D-1](#));
  - Provide a copy of the signed non-disclosure agreement to the CA; (**annex 3.3.11.D-1**)
  - Ensure that the consultant and their parent companies are free from conflict of interests in performing the bid evaluation;
- Receive the technical section of the proposals from PSPC;
- Ensure that sufficient copies have been supplied for the team to review;
- Ensure appropriately secured storage for the proposals:
  - "commercial in confidence"; or
  - the highest security level of all documents contained in the proposal, whichever is higher.

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view.

- Ensure that the access to the proposals controlled to ensure the integrity of the bid evaluation and to protect contractor sensitive information;

- Send the required copies of the proposals and the following instructions in a memo to the TA:
  - The storage instructions for the proposals during the review, based on the file's classification and the proposal's classification;
  - The date when the evaluation must be returned to the PA;
  - Clear reminders that:
    - Any questions for the bidders must be submitted to the PA
    - The evaluation team must not have any discussion with the bidders until the contract is awarded
    - A consultant may be a member of the evaluation team only if bidders were notified when the RFP was issued
    - Where a member of the evaluation team already has an existing contract with one of the bidders, he or she shall not discuss anything about the RFP/requirement with this bidder
    - The mandatory requirements are to be reviewed first and if a proposal does not meet all the mandatory requirements, it is to be set aside and no further review is to be conducted
    - Evaluation notes shall be made on the individual scoring grid with specific reference (page and paragraph numbers) to the bidder's proposal. Note that the bidders are entitled to have access to their individual scoring grids upon request;
- Coordinate the DND review;
- Submit the requests for clarification and questions in writing regarding the bid content to the CA (PSPC), who will contact the bidders;
- If requested by the TA, be a member of the evaluation team. The PA will participate in the review of the management and mandatory sections only;
- Ensure that the evaluation team follows the bid evaluation plan. The bid evaluation plan must not be modified in any manner;
- Receive from the TA:
  - The completed individual scoring grids. The individual scoring grid is used to evaluate a proposal. Therefore, each evaluator will complete an individual scoring grid for each bid proposal received. The suggested format for the individual scoring grid is available in the PSPC Basic Guidelines for Bid Evaluation Process and Contractor Selection Methods, [Table 14](#).
  - The completed evaluation summary report. The evaluation summary report is used to consolidate the ratings of the individual scoring grids for each bid received. The evaluators will review each evaluation criterion of each bid proposal, discuss the rating indicated on each individual scoring grid and determine the final average score. The final average score of each evaluation criterion is then written in the evaluation summary report. The suggested format for the evaluation summary report is also available in the PSPC Basic Guidelines for Bid Evaluation Process and Contractor Selection Methods, [Table 15](#).
  - Where there is a large discrepancy in ratings for a specific criterion, the evaluation team will discuss their justifications to ensure that there is common understanding of the information contained in the proposal. The score may be adjusted accordingly;

- Perform a final review of each completed individual scoring grid to identify any possible inconsistencies;
- Perform a final review of the completed evaluation summary report to identify any possible inconsistencies;
- Keep a copy of the individual scoring grids and the evaluation summary report in the procurement file;
- Send the individual scoring grids and the evaluation summary report to the CA (PSPC) with a covering letter;
- Provide secure storage for the proposals.

#### **4.1.1.2 CA (PSPC)'s Responsibilities**

The CA (PSPC)'s responsibilities are to:

- Receive the proposals from the bidders and date stamp the proposals;
- Ensure that the correct number of copies have been supplied, as requested in the RFP;
- Open the proposals;
- Ensure that all portions of the bid proposals are included;
- Assign the classification that the packages require for protected storage;
- Forward a Non-Disclosure Agreement form (refer to [PAM 3.3.11](#), [ANNEX 3.3.11.D](#), [ANNEX 3.3.11.D-1](#)) to the evaluation team members for signature. All evaluation team members who are not DND Employees or CAF Members must sign off the agreement and return a copy to the CA/PSPC.
- Separate the financial and technical portions of the proposals;
- Upon receipt of all required Non-Disclosure Agreement forms, send the technical section of the proposals to the PA;
- Coordinate the requests for clarification and questions regarding bid content between the PA and the companies;
- Ensure that the DND bid evaluation plan is followed, as it cannot be modified in any manner;
- Receive the completed individual scoring grids and evaluation summary report from the PA;
- Perform a final review of each completed individual scoring grid;
- Perform a final review of the completed evaluation summary report;
- Evaluate the financial portion of the proposals (for complex procurement, DND should participate in this review);
- Select the winning proposal according to the selection criteria in the RFP and evaluation plan;
- Award the contract;
- Notify the unsuccessful bidders;
- Provide, upon request, a debriefing to the unsuccessful bidders.

#### **4.1.1.3 TA's Responsibilities**

The TA's responsibilities when PSPC is the CA are to:

- Nominate a team of at least three individuals to evaluate the bid proposals.
- If a consultant is a member of the evaluation team:

- Inform the PA
- Ensure that the bidders were made aware a consultant is a member of the evaluation team at the time the RFP was released
- Ensure that bidders are aware that the consultant's company is not bidding on the requirement
- Have the consultant sign a non-disclosure agreement and provide a copy to the PA
- The TA must ensure that the consultant and their parent companies are free from conflict of interests in performing the bid evaluation;
- Receive the bid proposals from the PA;
- Provide secure storage for the proposals during the review process;
- Ensure appropriately secured storage for the proposals:
  - "commercial in confidence"; or
  - the highest security level of all documents contained in the proposal,
  - whichever is higher.

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view.

- Ensure that the DND evaluation plan is followed, as the content must **not** be modified in any manner;
- Submit the requests for clarification and questions regarding the bid content to the PA;
- Evaluate all the proposals (the management and technical sections only);
- During the team's bid evaluation, ensure that:
  - Each evaluator completes an individual scoring grid for each proposal received. The suggested format for the individual scoring grid is available in the PSPC Basic Guidelines For Bid Evaluation Process And Contractor Selection Methods, [Table 14](#);
  - The evaluation documentation contains justification of all decisions (including rationale for assessment) made during the evaluation process to maintain fairness, transparency, impartiality and integrity;
  - The evaluation notes shall be made on the individual scoring grid with specific reference (page and paragraph numbers) to the bidder's proposal. Note that the individual scoring grid may be accessed by the prospective bidders;
  - The mandatory requirements of each bid proposal are evaluated first. If any proposal does not meet all the mandatory requirements, it must be set aside. This proposal will be identified as "non-responsive" and justification for rejecting it must be documented in detail. The team will then confirm that the proposal is not compliant and ensure that it receives no further review;
  - After the individual review, the evaluation team convenes and proceeds with the collective assessment of the proposals. The goal is to consolidate the individual scoring grids of all the evaluators by completing an evaluation summary report. The evaluators will review the individual scoring grids, discuss the rating of each evaluation criterion and determine the final average score. They will then insert the final score of each evaluation criterion in the evaluation summary report. The suggested format for the evaluation summary report is also available in the Basic

Guidelines For Bid Evaluation Process And Contractor Selection Methods, [Table 15](#). All the evaluators must sign the final evaluation summary report (which must include the non-compliant and the non-responsive proposals);

- Where there is a large discrepancy in ratings for a specific criterion, the evaluation team will discuss their justifications to ensure that there is common understanding of the information contained in the proposal. The score may be adjusted accordingly.
- Send all the individual scoring grids, the evaluation summary report and the copies of the bid proposals to the PA. The response to the PA must be signed off, at a minimum level of Section Head.

#### **4.1.2 Roles and Responsibilities in the Bid Evaluation Process when the DND is the PA**

This bid evaluation process is followed when the PA is the CA - that is, when the requirement can be satisfied within the contracting authority delegated to DND positions.

##### **4.1.2.1 PA/CA's Responsibilities**

The PA/CA's responsibilities are to:

- Receive the proposals from the bidders and date stamp the proposals;
- Open the proposals at the bid closing time identified in the RFP;
- Set aside proposals received after the closing time for return to the bidders without being opened;
- Ensure that the correct number of copies have been delivered by the bidders;
- Ensure that all portions of the bid proposals are included. If a section is missing, the proposal is declared non-responsive and receives no further review;
- Separate the financial and technical portions of the proposals. Ensure that no financial data appears in the technical and management portions of the proposals;
- Assign the classification that the packages require for protected storage.
- Proposals are to be treated at a minimum, as "commercial in confidence". Access to the proposals has to be controlled to ensure the integrity of the bid evaluation and to protect the contractor-sensitive information;

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view.

- If a consultant is a member of the evaluation team:
  - Ensure that the bidders were made aware a consultant is a member of the evaluation team at the time the RFP was released
  - Ensure that bidders are aware that the consultant's company is not bidding on the requirement
  - Ensure that the consultant and their parent companies are free from conflict of interests in performing the bid evaluation
  - Forward a Non-Disclosure Agreement form (refer to [PAM 3.3.11](#), [ANNEX 3.3.11.D](#), [ANNEX 3.3.11.D-1](#)) to the evaluation team members for signature. All



evaluation team members who are not DND Employees/CAF Members must sign off the agreement and return a copy to the CA/PA.

- Upon receipt of all required non-disclosure agreement forms, send the required copies of the technical sections of the proposals to the TA;
- Identify when the evaluation reports must be returned to the PA;
- Instruct the TA that:
  - Any questions for the bidders must be submitted to the PA
  - The evaluation team must not have any discussion with the bidders until the contract is awarded
  - Where a member of the evaluation team already has an existing contract with one of the bidders, he or she shall **not** discuss anything about the RFP or requirement with this bidder
  - The mandatory requirements are to be reviewed first and, if a proposal does not meet all the mandatory requirements, it is to be set aside and no further review is to be conducted
  - Evaluation notes shall be made on the individual scoring grid with specific reference (page and paragraph numbers) to the bidder's proposal. Note that the individual scoring grid may be accessed by the prospective bidders;
- Coordinate the review;
- Coordinate requests for clarification and questions regarding bid content between the TA and the bidders. The questions are for clarification only. Bidders are not allowed to change their proposal once submitted. If a clarification results in discovery of a financial miscalculation or other error that would be detrimental to a bidder if awarded the contract, the bidder may not correct the error, but only withdraw the entire bid proposal;
- If requested by the TA, be a member of the evaluation team. The PA will participate in the review of the management and mandatory sections only;
- Ensure that the evaluation team follows the evaluation plan. The evaluation plan must not be modified **in any manner**;
- Receive the completed individual scoring grid and evaluation summary report from the TA;
- Perform a final review of each completed individual scoring grid to identify any potential inconsistencies;
- Perform a final review of the completed evaluation summary report to identify any potential inconsistencies;
- Evaluate the financial portion of the bid proposals;
- Select the winning bid proposal based on the bid evaluation method, ensure the winning bid is within the value of FAA section 32 approval;
- Award the contract (refer to types of contracts awarded by DND in [PAM 3.3](#));
- Notify the unsuccessful bidders (letters to unsuccessful bidder - [sample 1](#), [sample 2](#), [sample 3](#), [sample 4](#));
- Upon request, provide a debrief to the unsuccessful bidders;
- Ensure that one complete proposal by bidder is filed, determine the appropriate storage requirements and destroy the remaining copies;



- Retain on file all the evaluation results, the clarifications received from the bidders, the debriefing notes and any other relevant information that should be maintained with the file.

#### 4.1.2.2 TA's Responsibilities

The TA's responsibilities when DND is the CA are to:

- Nominate a team of a minimum of 3 individuals to evaluate the proposals;
  - If a consultant is a member of the evaluation team:
    - Inform the PA/CA
    - Ensure that bidders were made aware a consultant is a member of the evaluation team at the time the RFP was released
    - Ensure that bidders are aware that the consultant's company is not bidding on the requirement
    - Have the consultant sign a non-disclosure agreement and provide a copy to the PA/CA
    - Ensure that the consultant and the parent companies are free from conflict of interests in performing the bid evaluation.
- Receive the proposals from the PA/CA;
- Ensure the proper storage for the proposals during the review process;

Proposals are to be treated, at a minimum, as "commercial in confidence". Access to the proposals has to be controlled to ensure the integrity of the bid evaluation and to protect the contractor-sensitive information;

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view.

- Ensure that the evaluation plan is followed as its content must **not** be modified in any manner;
- Submit the requests for clarification and questions regarding the proposal content to the PA/CA;
- Evaluate all the bid proposals (the management and technical sections only);
- During the team's bid evaluation, ensure that:
  - Each evaluator completes an individual scoring grid for each proposal. The suggested format for the individual scoring grid is available in the PSPC Basic Guidelines For Bid Evaluation Process And Contractor Selection Methods, [Table 14](#);
  - The evaluation documentation contains justification of all decisions (including rationale for assessment) made during the evaluation process to maintain fairness, transparency, impartiality and integrity;
  - The evaluation notes shall be made on the individual scoring grid with specific reference (page and paragraph numbers) to the bidder's proposal. Note that the individual scoring grid may be accessed by the prospective bidders;
  - The mandatory requirements for each proposal are evaluated first. If any proposal does not meet all the mandatory requirements, it must be set aside. This proposal will be identified as "non-responsive" and justification for rejecting it must be

- documented in detail. The team will then confirm that the proposal is not compliant and ensure that it receives no further review;
- After the individual review, the evaluation team convenes and proceeds with the collective assessment of the proposals. The goal is to consolidate the individual scoring grids of all the evaluators by completing an evaluation summary report. The evaluators will review the individual scoring grids, discuss the rating of each evaluation criterion and determine the final average score. They will then insert the final score of each evaluation criterion in the evaluation summary report. The suggested format for the evaluation summary report is also available in the PSPC Basic Guidelines For Bid Evaluation Process And Contractor Selection Methods, [Table 15](#). All the evaluators must sign the final evaluation summary report (which must include the non-compliant and the non-responsive proposals);
  - Where there is a large discrepancy in ratings for a specific criterion, the evaluation team will discuss their justifications to ensure that there is common understanding of the information contained in the proposal. The score may be adjusted accordingly.
- Send all the individual scoring grids, the evaluation summary report and the copies of the bid proposals to the PA. The response to the PA must be signed off, at a minimum level of Section Head.

#### **4.1.3 Roles and Responsibilities in the Bid Evaluation Process when an ADM(Mat) Procurement Directorate is the CA**

##### **4.1.3.1 ADM(Mat) Procurement Directorate Contracting Officer's responsibilities**

When an ADM(Mat) Procurement Directorate is responsible for the solicitation process, ADM(Mat) Procurement Directorate Contracting Officer will:

- Receive and date stamp the technical and financial proposals ;
- Open the proposal packages and record the names of the bidders;
- Ensure the correct number of copies have been supplied;
- Verify that the bid package is complete (i.e. that specified certificates have been received);
- Assign the classification that the packages require for protected storage;
- Separate the Technical and Financial Proposals;
- Forward a Non-Disclosure Agreement (refer to [PAM 3.3.11](#), [ANNEX 3.3.11.D](#), [ANNEX 3.3.11.D-1](#)) to the individuals in the evaluation team for signature. All evaluators who are **not** DND employees/CAF members must sign off the agreement and return a copy to ADM(Mat) Procurement Directorate/CA;
- Identify the date when the evaluations are to be returned;
- Upon receipt of all required Non-Disclosure agreements, forward the technical proposals to the PA (or directly to the TA chair if an ADM(Mat) PA is not involved) along with the following documents:
  - A bid evaluation plan, detailing the mandatory and rated evaluation criteria relating to the Technical Proposal;

- Individual scoring grid for all rated requirements, detailing how points are to be allocated for each of the rated criteria (individual scoring grid should be done prior to the issuance of the bid document and must be done prior to bid closing); and
  - A set of instructions regarding the evaluation process.
- Coordinate requests for clarifications and questions regarding the bid content between the PA, TA and the bidders [Note: Only the ADM(Mat) Procurement Directorate Contracting Officer may communicate with the bidders during the bid evaluation process.]
- Ensure that the evaluation team follows the evaluation plan. The evaluation plan must not be modified in any manner;
- Review the individual scoring grid and evaluation summary report once the evaluation is complete;
- Ensure justification(s) for declaring a proposal non-responsive is(are) well-grounded - ADM(Mat) Procurement Directorate officer may request additional supporting information from the TA if there are any uncertainty on whether a bidder should be declared non-compliant;
- Evaluate financial proposals for all responsive proposals received;
- Identify the successful bidder, inform the PA of the results and seek approval for contract award from the delegated contracting authority;
- Award the contract; [Refer to [PAM 4.2](#) for details on Contract Award]
- Send written notification to all unsuccessful bidders. The written notice should briefly explain why their proposal is not successful;
- Provide debriefing to unsuccessful bidders upon request.

#### 4.1.3.2 PA's Responsibilities

PA's Responsibilities when an ADM(Mat) Procurement Directorate is the CA:

[If the request was submitted to ADM(Mat) Procurement Directorate without the involvement of an ADM(Mat) PA, an ADM(Mat) Procurement Directorate Contracting Officer will contact the TA directly to ensure proper coordination of the following responsibilities.]

- Receive the technical proposals from CA/ADM(Mat) Procurement Directorate;
- Ensure that sufficient copies have been supplied for the team to review;
- Ensure proper storage of the proposal documents.

Proposals are to be treated, at a minimum, as "Commercial in Confidence";

Access to the proposals has to be controlled to ensure the integrity of the bid evaluation and to protect the contractor-sensitive information;

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view;

- Note that a consultant may be a member of the evaluation team only if bidders were notified when the RFP was issued;
- Send required copies of the proposals to the Evaluation Team along with the individual scoring grid;

- Submit the requests for clarifications and questions in writing regarding bid content to the ADM(Mat) Procurement Directorate CA who will contact the bidders;
- If requested by the TA, be a member of the evaluation team. The PA will participate in the review of the management and mandatory sections only;
- Ensure the evaluation team follows the bid evaluation plan;
- Receive from the TA/Evaluation Chairperson:
  - Completed individual scoring grids;
  - Completed and signed evaluation summary report;
- Review the individual scoring grids and evaluation summary report and identify any possible inconsistencies and discuss with the ADM(Mat) Procurement Directorate CA;
- Retain a copy of the individual scoring grids and evaluation summary report for the procurement file;
- Send the individual scoring grids and evaluation summary report to the ADM(Mat) Procurement Directorate CA.

#### 4.1.3.3 The TA's Responsibilities

TA's responsibilities when an ADM(Mat) Procurement Directorate is the CA are to:

##### Prior to Bid Closing:

- Nominate a team of at least three (3) individuals to evaluate the technical proposals;
- Non-DND employees and non-CAF members who are part of the evaluation team must sign a non-disclosure agreement (refer to [PAM 3.3.11](#), [ANNEX 3.3.11.D](#), [ANNEX 3.3.11.D-1](#)) and provide a copy to the PA/ADM(Mat) Procurement Directorate CA;
- Confirm that the non-DND employee and the non-CAF member evaluators and their parent companies are free from any real or perceived conflicts of interest in performing the bid evaluation. If not, ADM(Mat) Procurement Directorate CA may request removal of the individual from the bid evaluation team;
- Ensure that bidders were made aware a consultant is a member of the evaluation team at the time the RFP was released.

##### After Bid Closes:

- Receive the bid proposals from the PA/ADM(Mat) Procurement Directorate CA;
- Provide secure storage for the proposals during the evaluation process
  - Proposals are to be treated, as a minimum "Commercial in Confidence";
  - Access to the proposals has to be controlled to ensure the integrity of the bid evaluation and to protect the contractor-sensitive information;

**Note:** "Commercial in confidence" is traditionally treated as "Protected B", which has to be physically safeguarded (locked up) as "Confidential" but does not require a "Confidential" security clearance to view.

- Evaluate the technical proposals following the bid evaluation plan and individual scoring grid;
- Contact the PA/ADM(Mat) Procurement Directorate CA if there are any questions or concerns during the evaluation process; [Note: Only the ADM(Mat) Procurement

Directorate Contracting Officer may communicate with the bidders during the bid evaluation process.]

- Send requests for clarifications to the PA/ADM(Mat) Procurement Directorate CA;

**When evaluating the Proposals, the TA will:**

- Act as the evaluation team's chairperson or assign a chairperson;
- Have each evaluator complete an individual scoring grid for each proposal received.
- Ensure justifications and rationales for decisions or scores are well documented. The evaluation process must reflect fairness, transparency, impartiality and integrity;
- Ensure the evaluation notes shall be made on the individual scoring grid with specific reference (page and paragraph numbers) to the bidder's proposal. Note that the individual scoring grid may be accessed by the prospective bidders;
- Have each evaluator evaluates the mandatory requirements first. If a proposal does not meet all mandatory requirements, the proposal will be set aside and will receive no further consideration. The ADM(Mat) Procurement Directorate CA will have a final review of the proposal and will declare a bid "non-responsive";
- Once individual reviews have been completed, convene the evaluation team and proceeds with the collective assessment of the proposals. The evaluators will review individual scoring grids and complete an evaluation summary report. If there are variations in scores between evaluators, evaluators will discuss and determine a consensual score for the criterion for the bidder based on the individual scoring grids. All evaluators must sign the evaluation summary report (and must identify all non-compliant and non-responsive proposals);
- Send all the individual scoring grids, the evaluation summary report and the copies of the bid proposals to the PA/ADM(Mat) Procurement Directorate. The response to the PA must be signed off, as a minimum, at the level of Section Head.

**Evaluators are reminded that:**

- Questions/clarifications to proposals must be submitted to the PA/ADM(Mat) Procurement Directorate CA.
- ADM(Mat) Procurement Directorate will forward questions/requests for clarifications to bidders;
- Members of the evaluation team shall not discuss any aspect of the solicitation/evaluation process with any individuals outside the evaluation team. Information regarding the solicitation/evaluation process is on a "need-to-know" basis;
- Individual scoring grid has been pre-established prior to bid closing and cannot be changed during the evaluation;
- Evaluation of proposals shall be based solely on information supplied by the bidder in the proposal. Evaluators are not to evaluate the proposals based on prior knowledge of the bidder's capabilities;
- Evaluators should refrain from including subjective comments in any official documents. Individual scoring grid and evaluation summary report, including all documentation related to the solicitation and evaluation process, may be accessed by the prospective bidder and are subject to the Access to Information Process.

#### 4.1.4 References

- [PSPC Basic Guidelines for Bid Evaluation Process and Contractor Selection Methods](#): Section 7, tables [14](#) and [15](#)
- PSPC Supply Manual: [Chapter 5 Evaluation and Selecting Contractor](#)
- TB [Contracting Policy](#), articles 10 and 11

#### 4.1.5 R&O: Review of R&O Contract Proposals

##### Aim

1. The aim of this section is to provide guidance and direction to the Procurement Authority (PA) in the conduct of Repair and Overhaul (R and O) contract bid evaluation by establishing procedures for the planning, coordination and the review of R&O contract proposals of DND equipment and materiel.

2. It is to be noted that this Section does not replace existing documentation and referenced material on the subject of evaluation of contract proposal, but more so it is intended to supplement the latter in specific areas involving contract bid evaluation for R&O.

##### Introduction

3. R&O requirements range from simple straightforward military equipments/systems to very complex fully integrated weapon systems that require industry to provide contract support services that involve repair, restoration and/or complete overhaul programs over a lengthy period of time. In addition, the level of capability, capacity and range of skill sets and infrastructure involving large investment and cash flow requirements may necessitate the submission of multi-faceted bid proposals. The complexity of the contract proposal evaluation process is very demanding, and subject to a high level of scrutiny at the best of times, thus demanding the evaluation process to be well-defined in advance and fully defensible as open, fair, and transparent in light of public scrutiny. The investment in time, human resources and money in the execution of a bid evaluation process requires a dedicated team effort and a full understanding of each member's responsibilities from start to end of process.

4. Typically, R&O contract requirements are covered by a full Technical Statement of Work (Tech SOW) and, depending on the type of contract, there could be up to three (3) individual Logistics Statements of Work (Free-Flow, Major Equipment, AAS/BI LOG SOWs). As well, there is a need to ascertain the Contractors Quality Inspection/Assurance System as part of the overall evaluation of bid proposals. Therefore, any bid proposal must be evaluated in each of the above areas to determine if the proposal meets DND's requirements before cost is brought into the overall evaluation matrix.

##### Procedure

5. For R&O contract requirements, the review process will be coordinated by the PA. The review will encompass five(5) generic areas with OPIs assigned as follows:

- a) Technical SOW – responsibility is the PM/LCMM.

- b) LOG SOWs – responsibility is the PA
- b) Quality Assurance - responsibility is the DQA.
- c) Supply - responsibility is the PA., with input by other applicable Supply stakeholders
- d) Financial - responsibility is the PA and PM/LCMM
- e) Contractual - PSPC and PA.

6. The PA and the applicable PSPC Contract Officer will coordinate their efforts to prepare the evaluation team in reviewing bid proposals in accordance with a laid-down time table to ensure there is a timely response to industry, as well as for PSPC to process final contract documentation up to their senior management for approval and sign off. For this purpose, an abbreviated outline of the process is as follows:

- a) Bid documents are forwarded to the PA by PSPC.
- b) The PA coordinates the DND review process, liaising with each OPIs as necessary.
- c) The PA receives response from OPIs and prepares a Departmental response to PSPC. (Notes 1 & 2).
- d) The PA liaises with PSPC and arranges, as necessary, participation from DND in negotiations/meetings, etc.

7. The material to be covered in each review will of course be different for each bid document; however some basic items will always be present. To ensure a uniform approach, and as well to guarantee that a minimum of the required analysis occur, the suggested format for DND evaluation and DND response of R&O Contract Proposals is provided at [ANNEX 3.3.11.D-1 Appendix 1](#), which consists of a short form sample letter and a more detailed example of an evaluation.

(Missing Appendix 1 ?)

#### **Notes:**

- 1. OPI response to the PA must be signed off as a minimum at the Section Head level.
- 2. All correspondence is to be classified Protected (Treat as Confidential).

#### **8. References**

- A. Procurement Administrative Manual (PAM) Chapter 3.5
- B. Procurement Administrative Manual (PAM) Chapter 4.0
- C. PSPC Supply Manual, Chapter 5

#### **4.2 Contract Award**

To fulfill DND procurement requirements, contracts are awarded by one of the following organizations:



- DND
- PSPC
- DCC
- SSC

This PAM section describes the roles and responsibilities of each department in the overall contract award process.

This section details the following:

- 4.2.1 Contract Definition
- 4.2.2 DND Contract Award
- 4.2.3 PSPC Contract Award
- 4.2.4 DCC Contract Award (to be published soon)
- 4.2.5 SSC Contract Award (to be published soon)

#### **4.2.1 Contract Definition**

The essential elements of a contract are:

- The two parties clearly intended to enter a contract
- There was a clear offer and a clear acceptance of the offer
- The two parties are legally capable of contracting (for example, no one is a minor, mentally incapable, under the influence of drugs or alcohol or under pressure to enter the contract)
- A price has been set that the buyer agrees to pay the supplier, and the agreed-to price or rates are in line with normal market conditions
- There is a purpose for the purchase which is clearly legal
- There is a clear agreement and understanding between parties about the terms and conditions of the contract

#### **4.2.2 DND Contract Award**

A DND Employee or CF Member may issue a contract directly with a vendor only when:

- the processes described in [PAM 3.0](#) and [PAM 4.1](#) have been completed
- the value of the contract is within the value of documented FAA section 32 approval
- the individual has the required **delegated contracting authority** on their signed DoA form
- the vendor has been deemed eligible under the Government - Wide Integrity Regime (for requirements valued greater than \$10K)

This section contains the following information:

- 4.2.2.1 Government Wide Integrity Regime
- 4.2.2.2 Call-up on a Standing Offer (SO)
- 4.2.2.3 Contract against a Supply Arrangement (SA)



- 4.2.2.4 Contract for Low Dollar Value (LDV) Goods (up to \$25k)
- 4.2.2.5 Contract for Services up to \$75k
- 4.2.2.6 ADM(Mat) Procurement Directorate Contract for Goods and Services

#### **4.2.2.1 Government Wide Integrity Regime**

The Government has implemented a government-wide Integrity Regime for procurement and real property transactions in fulfilment of a commitment in Canada's Economic Action Plan 2015, to ensure that the Government of Canada does business with ethical suppliers in Canada or abroad. It is transparent, rigorous and consistent with best practices in Canada and abroad, while supporting transparent competition and an ethical Canadian marketplace.

This PAM chapter does not address Integrity Regime requirements for Real Property transactions. For information regarding the Integrity Regime as it applies to Real Property transactions please contact ADM (IE) / DIEPS via their positional mailbox at [+ADM\(IE\)Procurement Strategies@ADM\(IE\) DIEPS@Ottawa-Hul](mailto:+ADM(IE)ProcurementStrategies@ADM(IE)DIEPS@Ottawa-Hul).

The Regime:

- Renders a supplier convicted of a listed offence in Canada or abroad, as ineligible for a period of ten years to enter into contract with the Government;
- Suspends a bidder for up to 18 months if they have been charged or has admitted guilt, in order to protect the interest of the Government;
- Considers the degree of involvement of the bidder in the wrongdoing that resulted in the affiliate's conviction in the determination of ineligibility;
- Includes due process to recognize the efforts of suppliers to address wrongdoing;
- Mitigates the potential of circumvention of the regime by imposing an ineligibility period on prime contractors who enter into contracts with ineligible sub-contractors; and
- Imposes an administrative agreement to provide the Government with additional assurances of conducting business with specific suppliers.

See the [Government of Canada's Integrity Regime](#) and [Ineligibility and Suspension Policy](#) for more information.

The Integrity Regime is to be applied to all solicitations, sole source requirements and limited competitive tendering situations with an estimated value greater than \$10k, except those listed under the Information for Contracting Officers section of the [Government-Wide Integrity Regime website](#) and the following:

- (a) call-ups against a Standing Offer (when Integrity Provisions are included in the Standing Offer Agreement)
- (b) contracts raised under a Supply Arrangement (when Integrity Provisions are included in the Supply Arrangement)

#### **4.2.2.1.1 Integrity Regime Process**

To fulfil the requirements under the Regime, prior to contract award, the CA is responsible to:

- Have an account in the Integrity Database Services online system (IDS) (if the CA does not have an account, contact [Integrity Database Services](#) to have one created).
- Enter the required information of the winning bidder in the Integrity Database Services online system.
- Print a copy of the results, which will be received by e-mail from IDS, and retain in the procurement/contract file for audit purposes.
- Proceed according to the results provided.
- If you have any questions, refer to the [DND Integrity Regime FAQ](#).

The inquiry will result in one of the following 2 responses:

**No Match** - Supplier is not ineligible

The CA is responsible to proceed with awarding the contract.

**Ineligibility Confirmed** - The vendor is ineligible according to the Ineligibility and Suspension Policy.

The CA is responsible to inform the vendor that they are ineligible under the Ineligibility and Suspension Policy.

The "[Non responsive letter](#)" template may be used to inform the bidder

The CA must then restart the process with the next compliant vendor.

If there are no other compliant bidders or the procurement is sole sourced Public Interest Exception (PIE) might apply to the requirement.

#### 4.2.2.1.2 Public Interest Exception

If the winning bidder is Confirmed Ineligible and there are no other compliant vendors or if the requirement is sole source there could be justification for a Public Interest Exemption (PIE).

Ineligible vendors may be awarded a contract for goods and services if approved by ADM(Mat) in accordance with a PIE.

- Possible circumstances where a PIE could apply include:
  - no other supplier is capable of performing the contract;
  - an emergency;
  - national security;
  - health and safety; and
  - economic harm.

The following template must be used to request [ADM\(Mat\) approval of PIE](#), through the normal chain of command administrative process.

If ADM (Mat) approved the PIE, then the CA is to request PSPC to put an Administrative Agreement in place with the vendor. CA will submit an email to [PWGSC.O.integrity-TPSGC.O.integrite@pwgsc-tpsgc.gc.ca](mailto:PWGSC.O.integrity-TPSGC.O.integrite@pwgsc-tpsgc.gc.ca)

The contract may be awarded to the Ineligible vendor after PSPC has put the Administrative Agreement in place with the vendor.

#### **4.2.2.1.3 Integrity Regime direction in afterhours situation**

An afterhours situation is one in which, based on specific criteria, there is a requirement to award a contract without first receiving an integrity check from Integrity Verification Services.

In those situations, following criteria must be met:

- The situation is unforeseen; and
- Cannot wait until the next morning for an integrity check due to time sensitive requirement(s).

More information on this process can be found at this link: <http://www.tpsgc-pwgsc.gc.ca/ci-if/directives/heures-hours-eng.html>

#### **4.2.2.2 Call-Up Against a Standing Offer**

Be aware that the PWGSC 942 form does not include taxes. However, when exercising delegated contracting authority the value to be considered must include applicable taxes.

The CA is responsible to:

- Ensure the call-ups issued are consistent with the SO, and there is no negotiation of price, or terms and conditions.
- Ensure each call-up document for goods and services applies to only one destination unless otherwise stated in the standing offer.
- Must complete either of the following documents for all requirements greater than \$5k:
  - PWGSC 942 form ( [ANNEX 4.2.2.2.A](#)) or
  - DRMS 942-release form
- For requirements of \$5k or less, when the method of payment is an payment card, completing the PWGSC 942 form may be optional if allowed by the standing offer.
- Retain on the procurement/contract file auditable records of the transaction when a PWGSC 942 is not used (as indicated in the previous bullet) including the following:
  - Quote received from the vendor;
  - A record of the order placed with the vendor by phone, over the internet or in person at the vendor's place of business;
  - Record of the payment card transaction (a confirmation number for phone or internet order or a slip from the vendor for purchase made in person);
  - In addition, reference to or copies of the following are to be included in the contract file:
    - Monthly payment card statement;
    - Payment card register.
- Ensure that the completed PWGSC 942 is signed by an individual with the required delegated authority (total value of PWGSC 942 plus applicable taxes) on their signed DoA form or the transaction is approved by them in writing where a PWGSC 942 is not required.
- Forward the original signed PWGSC 942 form to the selected vendor, in accordance with the SO.

- Record the call-up or transaction in the financial system to commit the funds.  
**Note:** This includes call-ups issued electronically through PSPC online systems.
- When the CA is the only authorized user of the SO, keep a running total of all call-ups and amendments raised to ensure that the total value of call-ups raised does not exceed the ceiling value of the standing offer.
- Keep a copy of the PWGSC 942 or the written CA approval (where a PWGSC 942 is not required) on the procurement/contract file for audit purposes.
- Ensure that the PWGSC 942 is reported as required in [PAM 4.3](#) Mandatory Contract Reporting.
- Send a copy of the PWGSC 942 to DQA (at [+DQA Contract Admin@ADM\(Mat\)DQA@Ottawa-Hull](mailto:+DQA Contract Admin@ADM(Mat)DQA@Ottawa-Hull)) for any call-up that contains one of the following quality assurance at source requirements:
  - QAC Q
  - QAC J
  - SACC D5540C
  - SACC D5580C
- Send a copy of the 942 for Temporary Help Services to DAIP.
- Prior to shipping, ensure an electronic copy of the contract and the DRMIS PO number is sent to the organization(s) receiving goods under the contract. For receiving Depot(s) use the appropriate positional email addresses:
  - 25 CFSD: [+25 DAFC Contrat@25 DAFC@Montreal](mailto:+25 DAFC Contrat@25 DAFC@Montreal)
  - 7 CFSD: [+7 CFSD Contracts@7 CFSD@Edmonton](mailto:+7 CFSD Contracts@7 CFSD@Edmonton)
  - Esquimalt: [+BLOG-C66CONTRACTS@BLOG@ESQUIMALT](mailto:+BLOG-C66CONTRACTS@BLOG@ESQUIMALT)
  - Halifax: [+CFAD Bedford@CFAD Bedford CAO@Halifax](mailto:+CFAD Bedford@CFAD Bedford CAO@Halifax)

#### Annex 4.2.2.2.A Instructions to Complete the Form for a PWGSC 942 Call-up Against a Standing Offer

A copy of the form for a PWGSC 942 call-up against an SO may be obtained by clicking [here](#).

Block Description	Instruction
Ship to	Enter the complete consignee name and address.
Supplier	Enter the contractor's name and address from the standing offer.
Security	<p>Indicate security provisions by selecting <b>Yes</b> or <b>No</b>.</p> <p>Note that in either case, an SRCL needs to be completed. An SRCL must be attached if yes is selected. Refer to <a href="#">PAM 1.7</a> for more information on SRCL.</p>
Invoices	Indicate where the invoicing address is

Block Description	Instruction
	located by selecting the appropriate box.  <b>Note:</b> Acquisition cards may be used as a method of payment <b>only</b> when the SO terms and conditions include this practice.
Financial Code(s)	Enter the following financial information: <ul style="list-style-type: none"> <li>• Commitment number;</li> <li>• Cost centre or WBS element (for a capital project);</li> <li>• Internal order (Optional);</li> <li>• Funds centre;</li> <li>• General ledger account; and</li> <li>• Fund.</li> </ul>
Standing Offer No.	Enter the standing offer number.
Requisition no.	Enter the requisition number as indicated.
Client Reference No. (Optional)	This field is optional and can be used to assign a unique identifier to each call-up.
	Enter the address of the work location of the individual signing in the “Approved for the Minister” block.  This address is considered the place of supply.
Amendment No.	For the original 942 call-up, enter ORIG.  For an amendment to the original 942 call-up, enter the next sequential amendment number beginning with 1.  Note that for amendments, the Requisition number and Financial Code(s) must be identical to those on the original 942 call-up.
Previous Value	<b>For amendments only.</b> Enter the amount that was in the Tot. est. exp. block of the original 942 call-up.
Value of increase or decrease.	<b>For amendments only.</b> Enter the amount by which the amendment increases or decreases the original 942 call-up value.
Total estimated	Enter the total estimated expenditure.

Block Description	Instruction
expenditure or revised total estimated expenditure.	
Item No.	Enter the item number exactly as shown on the SO.
NATO Stock number/Item description.	<p>Enter the NATO stock number or manufacturer's stock number or item description.</p> <p>Also reference any attached annex such as:</p> <ul style="list-style-type: none"> <li>• Security Requirements Checklist (SRCL);</li> <li>• Statement of work (SOW);</li> <li>• List of deliverables;</li> <li>• Terms and conditions.</li> </ul>
U of I	Enter the unit of issue.
Qty	Enter the quantity in terms of the unit of measurement appearing on the agreement.
Unit Price	Enter the unit price.
Extended Price	Enter the extended price for all items (quantity multiplied by unit price).
Special Instructions	Enter any special instructions.
Total Price (before taxes)	Enter the total of extended prices.
For further information call	Enter the name and phone number of the document originator.
Delivery required by	Enter the specific date on which the supplies or services are required, ensuring it is compatible with the agreement.
<p>Certified pursuant to subsection 32 (1) of the Financial Administration Act</p> <p>(Mandatory)</p>	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person certifying that funds are available, and the date signed.</p> <p>The person signing this block must have delegated authority under the <a href="#">Delegation Matrix, Column 1</a>.</p> <p>This block will always be signed by either a</p>

Block Description	Instruction
	DND Civilian Employee or a CAF Member.
<p>Approved for the Minister</p> <p>(Mandatory)</p>	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person approving.</p> <p>The person signing this block must have:</p> <ul style="list-style-type: none"> <li>delegated authority under the <a href="#">Delegation Matrix, Column 23</a> (call-up against Standing Offers)</li> </ul> <p>This block will be signed by the appropriate contracting authority, i.e. either by a DND CA (if the SO specifies a limit to which authorized SO users may sign) or by a PSPC CA.</p>

### 4.2.2.3 Contract against a Supply Arrangement (SA)

The CA is responsible to:

- Create a contract document with the winning vendor's proposal information in accordance with the direction in the Supply Arrangement.  
**Note:** The terms and conditions of a supply arrangement form part of the RFP and any resulting contract.
- Ensure that the contract is signed by an individual who:
  - Is an authorized user of the SA as specified in the SA
  - Has delegated contracting authority on their signed Delegation of Authorities form (as per [Delegation Matrix](#) (column 24));
- Retain a copy of the contract in the procurement/contract file
- Send the original contract document to the vendor for signature and return
- Receive the signed contract document from the vendor (which means the contract is in place)
- Enter the contract information in the DRMIS.
- Send a copy of the contract to DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)) if it contains one of the following quality assurance at source requirements:
  - QAC Q
  - QAC J
  - SACC D5540C
  - SACC D5580C
- Send a copy of the contract to DAIP if it was raised against an SA for Temporary Help Services.
- Notifying the unsuccessful vendors by using a form letter.
- Retain a copy of all proposals as part of the procurement file unless otherwise stated in the bidding instructions. Bidders may require that their proposals be returned.

### 4.2.2.4 Award Contract for Low Dollar Value (LDV) Goods (up to \$25k)

The CA **must** have a documented record on file prior to contract award for contracts valued greater than \$10K of either:

- a No Match response from the IDS **OR**
- received an ADM(Mat) approval of PIE along with confirmation from PSPC of the placement of an Administrative Agreement.

See [PAM 4.2.2.1](#) Government Wide Integrity Regime for details.

The following Templates have been developed for contract award:

- Government of Canada Purchase Order (GCPO) (form number [GC 111](#)), used for Type 1 requirements only
- Low Dollar Value Bid Solicitation and Resulting Contract Template (Simple), used for Type 2 requirements. May also be used for Type 1 requirements.



The CA is responsible to:

- Determine the winning vendor
- complete the appropriate contract document:
  - For Type 1 requirements for goods create a purchase order in DRMIS or follow the directions in Annex 4.2.2.4.A if you do not have access to DRMIS
  - For Type 2 requirements for goods create a DND contract by following the directions in Annex 4.2.2.4.B and create a purchase order in DRMIS, if you have access, but do not print it.
  - For goods requirements of \$5k or less completing contract form is optional when the method of payment is an acquisition card.
- ensure a hard copy of the response from the IDS is on file
- enter the financial information directly into DRMIS FM module as a commitment if you do not have access to DRMIS MM module.
- print the contract document and ensure that it contains all the terms and conditions (either on the back of the GCPO form or attached to the DND Contract form).
- Ensure that a person with delegated contracting authority approves and signs the printed contract or provides an auditable record of approval if a contract document is not used.
- Retain, on the procurement/contract file, auditable records of the transaction when a contract document is not used including the following:
  - Quote received from the vendor;
  - A record of the order placed with the vendor by phone, over the internet or in person at the vendor's place of business;
  - Record of the acquisition card transaction (a confirmation number for phone or internet order or a slip from the vendor for purchase made in person);
  - In addition, reference to or copies of the following are to be included in the contract file:
    - Monthly payment card statement;
    - Payment card register.
- Distribute the approved contract document as follows:
  - Send a copy to the vendor;
  - Keep the original contract and any supporting information in the contract file for audit purposes;
  - Provide a copy to the paying office that will be responsible for processing the invoice;
  - Provide a copy to the receiving organization that will accept delivery of the goods.
  - Provide a copy of the contracts which have QA code Q or J or SACC clause D5540C or D5580C to the Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)).
  - Prior to shipping, ensure an electronic copy of the contract and the DRMIS PO number is sent to the organization(s) receiving goods under the contract. For receiving Depot(s) use the appropriate positional email addresses:
    - 25 CFSD: [+25.DAFC.Contrat@25.DAFC@Montreal](mailto:+25.DAFC.Contrat@25.DAFC@Montreal)
    - 7 CFSD: [+7.CFSD.Contracts@7.CFSD@Edmonton](mailto:+7.CFSD.Contracts@7.CFSD@Edmonton)
    - Esquimalt: [+BLOG-C66CONTRACTS@BLOG@ESQUIMALT](mailto:+BLOG-C66CONTRACTS@BLOG@ESQUIMALT)
    - Halifax: [+CFAD.Bedford@CFAD.Bedford.CAO@Halifax](mailto:+CFAD.Bedford@CFAD.Bedford.CAO@Halifax)

#### ANNEX 4.2.2.4.A Instructions to Complete a Government of Canada Purchase Order Form (for a Type 1 Requirement for goods)

The [Government of Canada \(GC\) Purchase Order \(PO\) \(form number GC 111\)](#) (one original and one copy)

**Note:** Adobe Acrobat Standard software is required in order to fill out, save and print the GCPO form. If your computer does not have this specific software, you shall contact the helpdesk to request it.

**Warning:** This form must not be modified in any way.

##### Page 1 of GCPO (original):

Block Name	Completion Instructions
Financial Codes – Code financiers	Enter the following financial information: <ul style="list-style-type: none"> <li>• Pre-commitment number (optional)</li> <li>• Commitment number (if using DRMIS, the system will automatically create its own number)</li> <li>• Internal order (optional)</li> <li>• Funds center</li> <li>• General Ledger account</li> <li>• Fund</li> <li>• Total \$ amount to be charged to the Financial Code</li> <li>• Financial Code for GST/HST</li> </ul>
Estimated total cost – Prix total prévu	The total amount, excluding tax, will automatically be calculated and inserted.
Issued By – Préparé Par	Enter the name and address of the originator.
Contact – Pour renseignements	Enter the name of the contact person for this purchase order.
Telephone-Téléphone	Enter the telephone number of the contact person.
Order Number – Commande No	Enter the purchase order number.

Block Name	Completion Instructions
	<p>For DRMIS users, the system will generate the order number.</p> <p>Users raising the PO form in another system and inputting the financial data directly into DRMIS may enter the commitment number or a local reference number as long as it provides the necessary tracking capability.</p>
Issue Date – Préparé le	Enter the date the purchase order is issued to the vendor.
TO-À	Enter the name and address of the vendor.
Ship to – Expédier à	Enter the name and address where the goods are to be shipped or the service provided. If it is the same as the originator enter “Same as Issued By.”
Terms-Conditions	<p>See the "General Terms and Conditions" attached to this form.</p> <p><b>Note:</b> The General terms and conditions <b><u>must not</u></b> be modified in any way.</p>
Date Required – date requis	Enter the date required for delivery.
FOB-FAB	<p>ADM(Mat) has expressed that he would like DND to be responsible for all inbound logistics for local procurement by including the shipping INCO term Free Carrier At (FCA) and supporting contract clause <a href="#">D0037C</a> (enter the clause number in the ID field to get the clause text) for contracts let in Canada and <a href="#">D0035C</a> (enter the clause number in the ID field to get the clause) for contracts let outside of Canada.</p> <p>These clauses require the contractor to contact the DND designated transport cell to arrange for shipment.</p>

Block Name	Completion Instructions
	<p>For more info, contact DSCO 2-6 at (819) 994-8842.</p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• When using INCO term (FCA), a copy of the contract must be provided to CANOSCOM/CMSG/J4 TN.</li> <li>• For contracts in support of third line activities, shipping fees will be paid out of departmental inbound transportation budget.</li> <li>• For all non-third line contracts, shipping fees will be paid out of the client's budget, financial coding must be provided by the client.</li> <li>• For information and questions on transportation, contact CANOSCOM/CMSG/J4 TN at (613) 971-7857, the DND authority for transportation.</li> <li>• See comments under the "General Terms and Conditions" block.</li> </ul>
Item No – Article no	Enter the item number when more than one good is contained on the purchase order.
Catalogue number/ description – No de nomenclature/ Description	Enter the NATO or PSCN stock code, or part number, as applicable.
U of I – U de D	Identify the unit of issue.
Quantity-Quantité	Enter the total quantity.
Unit Price – Prix unitaire	Enter the unit price.
Extended Price – Prix total prévu	The total of the unit price times the quantity will automatically be calculated and inserted.
Send 3 copies of invoice to : Envoyer 3 exemplaires des factures à:	Enter the mailing address where invoices are to be sent.

Block Name	Completion Instructions
Certified pursuant to subsection 32 (1) of the Financial Administration Act – Certifié en vertu du paragraphe 32 (1) de la Loi sur la gestion des finances publiques	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person certifying that funds are available, and the date signed.</p> <p>The person signing this block must have delegated authority under the <a href="#">Delegation Matrix</a>, Column 1.</p> <p>This block will <b>always</b> be signed by either a DND Civilian Employee or a CAF Member.</p>
Approved for the Minister – Approuvé pour le ministre	<p><b>This signature is required.</b></p> <p>Enter the name, rank and designation of the person approving.</p> <p>The person signing this block must have the appropriate delegated contracting authority on their approved DoA form.</p> <p>This block will <b>always</b> be signed by either a DND Civilian Employee or a CAF Member.</p>
General Terms and Conditions – Conditions générales (at the back of the form)	<p>The Contracting Authority must:</p> <ul style="list-style-type: none"> <li>• read the terms and conditions to ensure they apply to this purchase</li> <li>• <b>not</b> modify this section of the form in any way</li> <li>• if the GC 111 does not include all the required clauses.</li> </ul>

**Page 2 of GCPO – Page 2 of GCPO (copy) includes all the blocks listed on page 1 and the following additional blocks:**

Block Name	Completion Instructions
I certify that prices have been obtained from the required number of firms and that the lowest, or lowest suitable, have been accepted consistent with the requirements of the Government of Canada.	Not applicable to DND.

Block Name	Completion Instructions
<p>I certify that no other satisfactory source of supply could be located compatible with the urgency of the requirement and economy to the Government of Canada.</p> <p>Signature.</p>	
<p>Reason for purchase.</p> <p>Authority.</p>	Not applicable to DND.

**Page 3 of GCPO:**

Page 3 of GCPO includes additional space to list the items/goods required.

**Page 4 of GCPO:**

Page 4 of GCPO includes all the General Terms and Conditions.

The Contracting Authority must read the terms and conditions to ensure they apply to this purchase.

#### **ANNEX 4.2.2.4.B Instructions to Complete a Contract Form (for a Type 2 Requirement for goods)**

The CA is responsible to:

- Complete the [Contract cover page](#) with the information included in the winning response.
- Copy part 2 of the RFP package used in the solicitation process and complete with the required information.

#### **4.2.2.5 Contract for Services up to \$75k**

The CA **must** have a documented record on file prior to contract award for contracts valued greater than \$10K of either:

- a No Match response from the IDS or
- received an ADM(Mat) approval of PIE along with confirmation from PSPC of the placement of an Administrative Agreement.

See **PAM 4.2.2.1 Government Wide Integrity Regime for details.**

Template has been developed for Low Dollar Value Bid Solicitation and Resulting Contract Template (Simple).

The CA is responsible to:

- Determine the winning vendor
- complete the appropriate contract document:
  - For services valued up to \$75k create a DND contract by following the directions in Annex 4.2.2.4.B and create a purchase order in DRMIS, if you have access, but do not print it.
  - For service requirements of \$5k or less completing contract form is optional when the method of payment is an acquisition card.
- Ensure a hard copy of the response from the IDS is on file
- Enter the financial information directly into DRMIS as a commitment if you do not have access to DRMIS.
- Print the contract document and ensure that it contains all the terms and conditions.
- Ensure that a person with delegated contracting authority approves and signs the printed contract or provides an auditable record of approval if a contract document is not used.
- Retain, on the procurement/contract file, auditable records of the transaction when a contract document is not used including the following:
  - Quote received from the vendor;
  - A record of the order placed with the vendor by phone, over the internet or in person at the vendor's place of business;
  - Record of the acquisition card transaction (a confirmation number for phone or internet order or a slip from the vendor for purchase made in person);
  - In addition, reference to or copies of the following are to be included in the contract file:
    - Monthly payment card statement;
    - Payment card register.
- Attach the SOW and the SRCL.
- Ensure the contract includes clause "[Access to DND Computer System](#)" and the DND non-disclosure agreement (NDA) "Access and Non-Disclosure Agreement" when the contractor requires access to DRMIS. This contract clause and NDA will mitigate the risk of contractors accessing commercially sensitive data in the DRMIS.
- Send two original copies of the contract to the contractor for signature and return. The document becomes a valid contract when signed by both DND and the contractor.
- Distribute the signed contract as follows:
  - Send a copy to the vendor;
  - Keep the original contract and any supporting information in the contract file for audit purposes;
  - Provide a copy to the paying office that will be responsible for processing the invoice;
  - Provide a copy to the receiving organization that will accept delivery of the services.
  - Provide a copy of the contracts which contain SACC D5540C to the Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)).

This section includes information on the following:

- 4.2.2.5.1 Contracting with an individual
- 4.2.2.5.2 Contracting with a Former Public Servant
- 4.2.2.5.3 Contracting with a Current Public Servant

#### 4.2.2.5.1 Contracting with an Individual

In addition to paragraph 4.2.2.5, when contracting with an individual the CA is responsible to:

- Receive from the TA a completed and signed “[Contracting with an Individual](#)” form;
- Review this form to ensure that employer-employee relationship will **not** result from the contract (refer to [PAM 1.8.3](#));
- Ensure that the individual has completed and submitted the “[Statement of Former Status in Federal Government](#)” form;
- File the forms in the contract file.
- Ensure the SOW has clear deliverables;
- Ensure payments are to be made after delivery of all the deliverables or in accordance with the terms and conditions of the contract;

#### 4.2.2.5.2 Contracting with a Former Public Servant

A former Public Servant is defined as any former member of a Department as defined in the Financial Administration Act (FAA), a former member of the Canadian Armed Forces (CAF) or a former member of the Royal Canadian Mounted Police (RCMP). A former public servant in receipt of a pension is anyone “in receipt of a pension paid pursuant to the Public Service Superannuation Act (PSSA).”

A former Public Servant may be:

- an individual
- an individual who has incorporated
- a partnership made of a former public servants
- a sole proprietorship or entity where the affected individual has a controlling or major interest in the entity

This section does **not** apply when a contract is awarded to:

- a company with an employee that is a former public servant.
- Former members of the CAF or the RCMP who are **not** recipients of a pension paid pursuant to the PSSA

In addition to paragraphs 4.2.2.5 and 4.2.2.5.1 the CA is responsible to:

- Ensure it is in the public interest to contract with the former public servant. There must be no suggestion of special favouritism or privilege.
- Ensure the work is **not** substantially similar to the work performed by the pensioner before retirement that would normally be performed by the pensioner’s successor.
- Ensure to limit any contracts with a former employee who has left the public service and received a lump sum payment based on a number of weeks (commonly known as a “lump sum payment period”), to \$5,000 in total during the lump sum payment period.
- Ensure Non-competitive contracts for the services of former federal employees who have been retired for less than one year include an abatement fee or contract fee that is equal or less than the following:

#### Abatement Formula:



- The former maximum salary is updated to the current level, or the estimated salary for having the work done by a public servant (if a qualified public servant were available), whichever is less,
- Plus 30 per cent (representing a fringe benefit factor),
- Minus the total annual (gross) pension in pay
- Yields a figure that is divided by 260 (representing the number of working days in a year),
- Equals the maximum daily rate that can be negotiated.

**Note:** For more information, consult the [TB Contracting Policy, Appendix C, Part 1, Schedule 5](#).

- Ensure Non-competitive contracts for the services of a former public servant, including any amendments, is less than \$25,000, and it is not cost efficient/effective to solicit bids.
- Ensure that Competitive contracts (awarded using traditional or electronic bidding procedures) are:
  - Awarded based on the lowest or best value bid without application of the fee abatement formula.
  - Not subject to waiting periods, except where the provisions of [DAODs 7021 \(-0 through -4\)](#) apply or unless special retirement conditions apply to the individual.
  - Awarded even when there are fewer than two valid bids from individuals who are not former public servants.
  - Approved by Treasury Board when the total value exceeds \$100,000

#### **4.2.2.5.3 Contracting with Current Public Servants**

There is **no** prohibition against contracting with full or part-time public servants.

The competitive approach should be followed and, if a contract is awarded to a public servant, it should not give rise to any suggestion of favouritism or special privilege to the contractor.

The CA is responsible to:

- Ensure contracts with employees reflect the provisions of Paragraph 6(b) of the Conflict of Interest and Post-Employment Code for the Public Service which states "employees have an obligation to act in a manner that will bear the closest public scrutiny, an obligation that is not fully discharged by simply acting within the law".
- Ensure it is cost efficient and effective to enter into a contract with an employee of the Government of Canada to provide some unique service outside the scope of the employee's usual duties.
- Ensure the contract is **not** being used to acquire overtime services that would usually be an extension of the employee's regular duties.
- Ensure the contract is subject to the same conditions that govern all contracts.
- Ensure that before any public servant accepts a contract from the Crown, they obtain consent in writing of the head of Chief Review Services (CRS). This is a requirement of the law.
- Ensure that the company or the individual has completed and submitted the "[Statement of Former Status in Federal Government](#)" form

- Review this form to ensure correctness
- File the form in the contract file.

#### 4.2.2.6 ADM(Mat) Procurement Directorate Contract for Goods and Services

This section details the following processes:

- 4.2.2.6.1 ADM(Mat) Procurement Directorate Contract Award
- 4.2.2.6.2 Debriefing

##### 4.2.2.6.1 ADM(Mat) Procurement Directorate Contract Award

After the competitive solicitation process is completed and the successful supplier is identified, **ADM(Mat) Procurement Directorate CA** must:

- Ensure that a No Match response from the IDS is received **OR**
- An ADM(Mat) approval of PIE along with confirmation from PSPC of the placement of an Administrative Agreement is received.
  - See **PAM 4.2.2.1 Government Wide Integrity Regime for details.**
- Comply with MMI 1355 – Contracting For Goods and Services in Excess of \$25k

The PA is responsible to:

- Provide assistance to the ADM(Mat) Procurement Directorate CA, as required, in obtaining price certification and participate in price negotiation if requested
- Verify that the proposed total contract cost remains within allocated budget, obtain Section 32 approval from RC manager for costs beyond the originally approved request
- Inform the ADM(Mat) Procurement Directorate CA of the name, designation and the office responsible for invoice and financial management
- If progress or milestone payments form part of the contract, verify with the TA that the delivery dates and/or progress payment dates are realistic; if not inform ADM(Mat) Procurement Directorate CA
- Review the draft contract, if requested, to ensure all information is correct
- Update DRMIS as appropriate
- Send a copy of the contract to DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)) if it contains one of the following quality assurance at source requirements:
  - QAC Q
  - QAC J
  - SACC D5540C
  - SACC D5580C
- Prior to shipping, ensure an electronic copy of the contract and the DRMIS PO number is sent to the organization(s) receiving goods under the contract. For receiving Depot(s) use the appropriate positional email addresses:
  - 25 CFSD: [+25 DAFC Contrat@25 DAFC@Montreal](mailto:+25 DAFC Contrat@25 DAFC@Montreal)
  - 7 CFSD: [+7 CFSD Contracts@7 CFSD@Edmonton](mailto:+7 CFSD Contracts@7 CFSD@Edmonton)
  - Esquimalt: [+BLOG-C66CONTRACTS@BLOG@ESQUIMALT](mailto:+BLOG-C66CONTRACTS@BLOG@ESQUIMALT)
  - Halifax: [+CFAD Bedford@CFAD Bedford CAO@Halifax](mailto:+CFAD Bedford@CFAD Bedford CAO@Halifax)

- Place a copy of the contract in the contract file (PAM 3.4) and update the procurement record
- Ensure correct handling of the proposals, the individual scoring grids and the evaluation summary report:
  - in the case where the winning proposal forms part of the contract, the PA must return all the unsuccessful proposals, the individual scoring grids and the evaluation summary report to ADM(Mat) Procurement Directorate CA and keep one (1) copy of the winning proposal in the procurement file.
  - in the case where the winning proposal does not form part of the contract, the PA must return all the proposals, the individual scoring grids and the evaluation summary report to ADM(Mat) Procurement Directorate CA;
- Provide appropriately secured storage for the procurement file as detailed on PAM 1.7

The TA is responsible to:

- Provide any necessary supporting information as required by ADM(Mat) Procurement Directorate Contracting Officer if price negotiation is required
- Establish initial contact with Contractor only after contract has been awarded as advised by the CA.

#### **4.2.2.6.2 Debriefing**

The opportunity for debriefing will be offered to all bidders and will only be given upon request from an unsuccessful bidder. If a debriefing is requested, the responsibilities of the CA are to:

- Communicate with the unsuccessful bidder and determine if there are specific elements of the proposal that requires debriefing
- Contact the PA/TA and advise that a debriefing request has been received and whether the PA/TA's presence is required
- Establish a mutually convenient time for the meeting, [Note: Debriefing will normally be held at DND facilities];
- Determine who will be present for the debrief meeting; [in the event that the unsuccessful bidder brings a legal representative, a member Department of National Defence/Canadian Forces Legal Advisor (DND/CF LA) must be present as well];
- Prepare any necessary documentation for distribution in order to ease communication during the debriefing meeting;
- Review evaluation results with the PA/TA, prior to the debriefing.

During the debriefing:

- The ADM(Mat) Procurement Directorate CA will act as the chairperson;
- Refer technical questions to the TA;
- Advise the unsuccessful bidders that other recourse actions [e.g. CITT for all requirements subject to trade agreements] are available should they feel the information provided to them during the debriefing is unsatisfactory.

Care must be taken to protect the confidentiality of the other bidders and the subject of the debriefing should be restricted to the unsuccessful bidder's proposal only. Requests for additional information should be referred to the DAIP office.

The PA is responsible to:

- Attend any pre-debriefing and/or debriefing meeting as required by the CA.

The TA is responsible to

- Identify who will represent the technical evaluation team [this will normally be either the TA or the Chairperson of the evaluation team];
- Attend pre-debriefing and debriefing meeting as required by the CA.

#### **4.2.3 PSPC Contract Award**

For procurement of goods and services (except the ones provided by Shared Services Canada) valued greater than the delegated contracting authority of DND, the contracting authority, as set out in the TB [Common Services Policy](#), is the PSPC Common Service Organization (CSO).

The contract award process followed depends on whether the requirement is for a Foreign Military Sale ([FMS](#)).

This section details the contract award process for:

4.2.3.1 PSPC Competitive and Sole Source Contract Award

4.2.3.2 PSPC FMS Contract Award

##### **4.2.3.1 PSPC Competitive and Sole Source Contract Award**

PSPC awards either a sole source or competitive contract.

The authority to award a sole source contract is much lower than for a competitive contract.

When a contract is awarded following an ACAN process, the contract authority is at the competitive level.

When the value of a contract is above the authority of PSPC to approve, PSPC must go to TB with a TB submission to seek approval to award the contract. This usually adds about **6 weeks** to the award process.

The TB [Contracting Policy Appendix C](#) contains the PSPC departmental delegation of authority for awarding contracts.

PSPC will award a competitive contract following a competitive solicitation or after an ACAN has been posted when:

- No other vendor submits an acceptable statement of capability during the time identified in the ACAN
- The vendor's price is the lowest or best value of all compliant quotes received in response to a competitive solicitation
- DND has completed a review of the draft contract if:
  - negotiations with the vendor result in a significant deviation from the content of the RFP, or
  - the PA has not previously performed a review of the contract content.
- The vendor is not determined to be ineligible under the Government-Wide Integrity Regime.

PSPC will award a sole source contract following a sole source solicitation when:

- Contract terms and conditions have been reviewed and negotiated by the PSPC contract officer, with assistance from the DND PA and TA/PM as required;
- Cost and profit margins have been reviewed and negotiated by the PSPC Contracting Authority or Cost Analyst as required;
- The vendor is not determined to be ineligible under the Government-Wide Integrity Regime.

PSPC CA will then award a contract to the vendor and send a copy to the PA. PSPC is obliged to provide a duly signed copy of the contract.

The PA is responsible to:

- Participate in the financial evaluation for all compliant vendors when requested by PSPC;
- Participate in sole source negotiation when requested by PSPC;
- Amend the 9200 requisition, following the procedures in [PAM 3.3.11](#), when additional funds are required in order to award the contract.

The PA's responsibilities, on receipt of the PSPC contract, are to:

- Ensure that the copy of the contract is duly signed by all the required parties:
- For PSPC contracts bearing:
  - one (1) signature block on the front page of the contract (one for PSPC), the contract **must** be signed by PSPC;
  - two (2) signature blocks on the front page of the contract (one for PSPC and one for the vendor), the contract **must** be signed by PSPC **AND** the vendor.
- If the copy of the contract received is not duly signed by all the required parties, the PA must request a duly signed copy from PSPC CA.
- Read the contract to ensure there are no errors or omissions and that appropriate clauses are included
- Enter the contract information in DRMIS
- Place a copy in the procurement/contract file ([PAM 3.4](#)) and update the procurement record ([PAM 5.0](#));

- Ensure that PSPC provides a copy of the contract to organizations on the 9200 requisition distribution list.
- Ensure an electronic copy of the contract, and the DRMIS PO number is sent to the organizations receiving goods under the contract, prior to shipping. For receiving Depot(s) use the appropriate positional email addresses:
  - 25 CFSD: [+25.DAFC.Contrat@25.DAFC@Montreal](mailto:+25.DAFC.Contrat@25.DAFC@Montreal)
  - 7 CFSD: [+7.CFSD.Contracts@7.CFSD@Edmonton](mailto:+7.CFSD.Contracts@7.CFSD@Edmonton)
  - Esquimalt: [+BLOG-C66CONTRACTS@BLOG@ESQUIMALT](mailto:+BLOG-C66CONTRACTS@BLOG@ESQUIMALT)
  - Halifax: [+CFAD.Bedford@CFAD.Bedford.CAO@Halifax](mailto:+CFAD.Bedford@CFAD.Bedford.CAO@Halifax)
- Provide a copy of the contracts which contain SACC D5540C or D5580C to the Directorate of Quality Assurance / DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca));
- Ensure correct handling of the proposals, the individual scoring grids and the evaluation summary report:
  - in the case where the winning proposal forms part of the contract, the PA must return all the unsuccessful proposals, the individual scoring grids and the evaluation summary report to PSPC/CA and keep one (1) copy of the winning proposal in the contract file.
  - in the case where the winning proposal does not form part of the contract, the PA must return all the proposals, the individual scoring grids and the evaluation summary report to PSPC/CA;
- Provide appropriately secured storage for the procurement file as detailed on PAM 1.7

#### 4.2.3.2 PSPC FMS Contract Award

PSPC CA is responsible to:

- Ensure that DND has identified an FMS case as the method of procurement in the approved procurement strategy;
- Ensure that the goods or services qualify for FMS:
- The goods or services required relate to military equipment of U.S. origin (the second group of digits in the stock number are 00 or 01);
- On the basis of the information available at the time, those goods and services are available or the U.S. DoD can make them available (PSPC Supply Manual [9.15 United States Foreign Military Sales](#));
- Transfer the DND requirement from the 9200 requisition to a Letter of Request (LOR) and sends it to the U.S. Government;
- Begin the negotiations;
- Receive, open and review U.S. Government Letters of Offer and Acceptance (LOA)
- Sign the LOA and accepts it on behalf of Canada if there is no change from the LOR and it is within PSPC's contracting authority
- Forward quotes and U.S. Government LOA to the PA for DND review when required.

The PA is responsible to:

- Amend the 9200 requisition when additional funds are required in order to award the contract, following the procedures in [PAM 5.5](#) - Change Process and Amendments;
- Review the LOA and report comments to PSPC in a timely manner

- Ensure the LOA includes:
  - an estimated case value and a payment schedule.
  - the cost of goods or services as well as all the additional charges, such as packing and handling, and general and administrative costs;

PSPC CA is then responsible to:

- Award the FMS case and send a copy to the PA.
- Prepare Form 1049 which contains information that cannot be identified in the LOA, which is required to manage the file such as conversion of U.S. to Canadian funds, internal coding and any other pertinent information.

The PA's responsibilities, on receipt of the PSPC FMS case are to:

- Ensure that the copy of the FMS case is duly signed by US DoD authority and PSPC CA. If the copy of the FMS case received is not duly signed by all the required parties, the PA must request a duly signed copy from PSPC. PSPC is obliged to provide it to the PA;
- Read the FMS case to ensure there are no errors or omissions and that appropriate clauses are included
- Establish the contract information in DRMIS
- Send a copy of the contract to DQA (at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)) if it contains one of the following quality assurance at source requirements:
  - QAC Q
  - QAC J
  - SACC D5540C
  - SACC D5580C
- Ensure an electronic copy of the contract, and the DRMIS PO number is sent to the organizations receiving goods under the contract, prior to shipping. For receiving Depot(s) use the appropriate positional email addresses:
  - 25 CFSD: [+25 DAFC Contrat@25 DAFC@Montreal](mailto:+25 DAFC Contrat@25 DAFC@Montreal)
  - 7 CFSD: [+7 CFSD Contracts@7 CFSD@Edmonton](mailto:+7 CFSD Contracts@7 CFSD@Edmonton)
  - Esquimalt: [+BLOG-C66CONTRACTS@BLOG@ESQUIMALT](mailto:+BLOG-C66CONTRACTS@BLOG@ESQUIMALT)
  - Halifax: [+CFAD Bedford@CFAD Bedford CAO@Halifax](mailto:+CFAD Bedford@CFAD Bedford CAO@Halifax)
- On receipt of the request for initial payment on an FMS case, take action to authorize the advance payment in DRMIS. The U.S. DoD will not initiate any action on the case until this is done ([PAM 3.3.8.1](#));
- Place a copy in the contract file ([PAM 3.4](#)) and update the procurement record ([PAM 5.0](#));
- Provide secured storage the highest security level of the documents contained in the contract file.
- Ensure that PSPC provides a copy of the contract to organizations on the 9200 requisition distribution list.



## 4.3 Mandatory Contract Reporting

### 4.3.1 Departmental Requirement for Reporting?

Federal departments **are required to** provide data on their contracting activities. This data is used to meet a number of the government's reporting obligations, including those required under various international and domestic trade agreements. In addition, Department of National Defence (DND) is mandated to comply with the following Treasury Board policy notices:

- [Guidelines on the Proactive Disclosure of Contracts](#)
- [Procurement Reporting by Calendar Year](#)
- [Contracting with Former Public Servants](#)
- [Contracts under Comprehensive Land Claim Agreements](#) as per Section 5.1.4 of the Contracting Policy

Contracts are subject to detailed review and audit and it is essential that a full and accurate inventory of contracts be available to demonstrate that organizations are compliant with government policy.

Currently, the Contract Data Management System (CDMS) is the only departmental tool used to produce official reports (e.g. Proactive Disclosure Report, Annual Purchasing Activity Report).

### 4.3.2 Information to Report

Procurement Initiation Authorities and Contract Authorities from DND must report via the CDMS, the following transactions, within **30 working days** of the contract award date or amendment issue date:

- a. All new and amended goods and services contracts, regardless of value, awarded by or on behalf of the department of National Defence. This includes goods and services contracts awarded by Public Services and Procurement Canada, Shared Services Canada and Defence Construction Canada
- b. Goods and Services paid with a payment card:
  - i. When the value of the contract is \$10K or more
  - ii. Regardless of value when the final delivery is in a location subject to Comprehensive Land Claims agreements

When recording an amendment to an existing contract in CDMS, the **award date** field must be populated with the **original** contract award date and not the date that the amendment was issued.

### 4.3.3 Exclusions to Reporting requirement

- Transactions made with other governments.
- Supply Arrangements and Standing Offers **are not** contracts. Only the contracts/call-ups issued *against* these procurement vehicles are to be reported.
- Memorandums of Understanding (MOUs) **are not** contracts. Only contracts issued as activities under an MOU are to be reported.



- Purchases paid with a payment card if the contract is below \$10K and the final delivery point is not on a Comprehensive Land Claim Agreement.
- Task Authorizations (DND 626) issued under a task-based contract **are not** considered contracts. Only the original, overarching contract, and subsequent amendments need to be reported.

#### 4.3.4 Contract Currency

All contracts and/or amendments are to be reported in Canadian dollars. If the exchange rate is not specified in the contract, the rate published on the [Bank of Canada website](#) on the day of the contract award is to be entered.

#### 4.3.5 Reference

[Contract Data Management System \(CDMS\)](#)

### 4.4 Manage Industry Complaints

This section includes the following topics:

- Canadian International Trade Tribunal (CITT) Complaints (PAM 4.4.1)
- Office of the Procurement Ombudsman (PAM 4.4.2)

#### 4.4.1 Canadian International Trade Tribunal (CITT) Complaints

##### 4.4.1.1 CITT

The [Canadian International Trade Tribunal \(CITT\)](#) is the main quasi-judicial institution in Canada's trade system.

The Tribunal considers complaints against solicitations and awards or proposed awards on a designated contract.

One of the Tribunal's responsibilities is to conduct inquiries into complaints by potential suppliers on federal government procurement covered by these agreements:

- [North American Free Trade Agreement \(NAFTA\)](#)
- [Canadian Free Trade Agreement](#)
- [World Trade Organization Agreement on Government Procurement \(WTO-AGP\)](#)
- [Canada-European Union Comprehensive Economic and Trade Agreement \(CETA\)](#)
- [Canada - Chile Free Trade Agreement \(CCFTA\)](#)
- [Canada - Peru Free Trade Agreement \(CPFTA\)](#)
- [Canada - Panama Free Trade Agreement](#)
- [Canada - Columbia Free Trade Agreement](#)
- [Canada - Ukraine Free Trade Agreement](#)
- [Canada - Korea Free Trade Agreement](#)
- [Canada - Honduras Free Trade Agreement](#)

#### 4.4.1.2 Roles and Responsibilities

CITT complaints are filed with the Tribunal against the institution of the CA authority. As stated above, CITT accepts complaints against procurements that are subject to the trade agreements; therefore, the CA will either be PSPC or DND (ADM(Mat) Procurement Directorate or any other organization having the required level of contracting authority).

The CA's responsibilities are to:

- Inform the PA of the complaint and provide updates in a timely manner;
- Respond to the complaint with a Government Institution Report (GIR) - a statement submitted to the CITT that fully responds to all the issues forming the basis of the complaint;
- Request any pertinent information from the PA, TA, or any other OPI involved in the procurement;
- Arrange and coordinate legal services' review of the complaint and any subsequent responses;
- Ensure timelines set forth by the CITT are respected.

The PA's responsibilities are to:

- Ensure that management is aware of the complaint and developments of the proceedings;
- Review similar CITT cases and be aware of the resulting decisions and orders;
- Provide documentation and details on any pertinent aspects of the subject procurement to the CA in a timely manner. This may include, among other items:
  - DND correspondence and records of discussion with potential suppliers prior to and during the procurement process
  - DND correspondence and records of discussion with the contract authority;
  - Details of the evaluation process and documented evaluation plan;
  - Details on who drafted the SOW/evaluation criteria, etc;
  - Details on who performed the evaluations and the details of the evaluations
- Seek legal authority advice, from Department of National Defence/Canadian Forces Legal Advisor ([DND/CF LA](#)).

#### 4.4.2 Office of the Procurement Ombudsman

The [Office of the Procurement Ombudsman \(OPO\)](#) is an independent organization with a Government wide mandate. The OPO reports to the Minister of PSPC but operates at arms-length from the department. The goal of the OPO is to strengthen the confidence of Canadians in public procurement.

#### 4.4.2.1 Procurement Ombudsman Mandate

The OPO's mandate is outlined in the [Department of Public Works and Government Services Act](#).

The [Procurement Ombudsman Regulations](#) sets out the parameters under which the Procurement Ombudsman is to carry the mandate.

#### 4.4.2.2 Responding to Requests from the OPO in Response to Complaints

1. This section identifies the activities for responding to requests from the OPO in response to complaints. The process consists of these instructions and a corresponding process map. ([OPO Process Map](#))
2. The Directorate of Materiel Policy and Procedures (DMPP) is the representative of ADM(Mat) with regards to oversight, advice, and guidance related to procurement and contracting for goods and services. As such, DMPP will provide advice and guidance to the Level 1 (L1) Contracting Office of Primary Interest (OPI) and review the procurement and contracting activities for the respective file, as related to the OPO request. DMPP will review items proposed to be sent to OPO in response to their request and all draft Briefing Notes (BNs) and Letters (for DM signature) prior to submission for approval.
3. The Office of the National Defence and Canadian Forces Legal Advisor (DND/CF LA) is responsible for providing legal services relating to procurement and contracting. As such, DND/CF LA will provide legal advice and guidance to the L1 Contracting OPI.
4. The Level 1 Contracting OPI is the Directorate or Unit in which the contracting action was carried out relative to the activities noted in the request from OPO. The Level 1 Contracting OPI will liaise with DMPP and DND/CF LA regarding the contracting activities under review. The L1 Contracting OPI will provide appropriate documents, after review by DMPP, to OPO in response to their request. The L1 Contracting OPI will be responsible for drafting any required BN and Letters for the DM and will submit them to DMPP and DND/CF LA for review prior to staffing for approval.

#### 4.4.2.3 Timelines

Due to the response times required by the Procurement Ombudsman Regulations to OPO activities, requests for information or documents related to this activity are to be **treated as urgent and are to be considered as requests from the Deputy Minister (DM)**. Although OPO may have 10 days to do their initial review, the timeline afforded to DND for the initial response may be only a few hours up to a few days. The timeline for the subsequent response to the official letter sent to the DM is 15 days (possibly 25 if they do an expanded review) but this timeline includes staffing time within DND so time afforded to the first line staff may be quite a bit less. Liaison is to be immediately initiated with DMPP upon notification of an OPO request using the positional mailbox: [+OPO - BOA@ADM\(Mat\) DMPP@Ottawa-Hull](mailto:+OPO-BOA@ADM(Mat) DMPP@Ottawa-Hull).

#### 4.4.2.4 Responsibilities

1. The **L1 Contracting OPI** is responsible for:

- a. responding to DMPP and their L1 organization regarding OPO requests in a timely manner;
- b. providing DMPP with full access to departmental information, data, books and records, no matter the form, under their control;
- c. determining, in liaison with DMPP and DND/CF Legal Advisors, an appropriate response to the complaint;
- d. ensuring review steps are coordinated with other organizations who bear responsibility for related program accountability;
- e. gathering information and documents to be sent to OPO in response to their request and submit to DMPP for review and advice/guidance prior to submission to OPO; and
- f. initiating required Briefing Notes (BNs) and letters (with the exception of the acknowledgement letter unless directed by their L1) for a DM response and staffing them to DMPP for review prior to submitting to their L1 for approval. All related BNs and letters are to be submitted through ADM(Mat) for endorsement and furtherance to the DM.

2. **DMPP** is responsible for:

- a. providing advice to ADM(Mat) regarding the contracting activity under review;
- b. validating the requirement with OPO and liaise with the L1 Contracting OPI for information when responding to the informal request from OPO,
- c. liaising, as the functional authority representative, with the L1 Contracting OPI to access appropriate information and copies of documentation in order to assess the contracting activities undertaken in order to ensure a factual account; and
- d. providing, as the functional authority representative and in consultation with DND/CF Legal Advisors, advice and guidance to the L1 Contracting OPI regarding an appropriate response to the OPO request and for BNs to the DM.

3. **DND/CF LA** is responsible for providing legal advice to the L1 Contracting OPI regarding the contracting activity under review.

#### 4.4.2.5 Documentation Staffing and Template

A template letter for the acknowledgement of the formal request from OPO has been included in the procedure (4.4.2.6 Process, step h). This template was developed to ensure the document remains an acknowledgement only and is not intended to be an opportunity to address the elements of the complaint itself. All documentation, i.e. transmittal sheet, BN, cover letters, etc., are to follow normal staffing administration, including format, as required.

#### 4.4.2.6 Process

For clarity, this process is to be **read in conjunction with the process map.** ([OPO Process Map](#)) The process related to requests as a result of a complaint will consist of:

**Informal:** Intended to respond to OPO immediately in order to potentially respond to the complainant with sufficient information as to cause the complaint to be withdrawn. OPO has 10 days to do their initial evaluation and therefore the time for DND to respond will be much limited to fit within the OPO timings.

- a. OPO, upon receiving a complaint, whenever possible will contact the DND's functional authority representative (DMPP) to provide a copy of the complaint and ask for pertinent information,
- b. DMPP will validate the requirement with OPO and contact the L1 Contracting OPI to gather information and data and DMPP will respond appropriately to OPO, (the L1 Contracting OPI may be required to provide information **within hours, or up to a few days as indicated at the time**, and must consider the request as one from the DM's office)
- c. OPO will provide the information to the Complainant,
- d. if the Complainant withdraws their complaint OPO will advise DMPP who will advise the L1 Contracting OPI,

**Formal:** Intended to provide a response to OPO **within 15 days**, unless identified as being an expanded review in which case 25 days is allotted, in accordance with the Procurement Ombudsman Regulations.

- e. if the Complainant does not withdraw their complaint as a result of the information, OPO will continue with the validation of the complaint and, **within 10 days of receipt of the initial complaint** will send an official Request to the DM and simultaneously send a copy to DMPP,
- f. the DM will direct the appropriate L1 to lead and develop a response regarding the complaint, and will advise ADM(Mat), as the Functional Authority for procurement and contracting, for purposes of providing advice and guidance to the L1,
- g. the applicable L1 will direct the Contracting OPI responsible for the contracting activities under review to take action as required and to liaise with DMPP in a timely fashion,
- h. the L1 will raise a BN and Letter for the DM **acknowledging receipt of the request** to OPO, ([Acknowledgment Letter Template](#))
- i. simultaneously, the L1 Contracting OPI will initiate liaison with DMPP and DND/CF LA, providing them with information and access to documentation, to elicit advice and guidance,
- j. DND/CF LA and DMPP will provide appropriate advice and guidance with regards to information and documentation required which may not be included or evident,
- k. the L1 Contracting OPI will prepare the information and documentation package and liaise with DMPP for final review,
- l. DMPP will review the information and documents and provide final advice and guidance,
- m. DMPP will provide any advice or concerns through the CoC to ADM(Mat), as applicable,
- n. the L1 Contracting OPI will send the information and copies of documents to OPO,

- o. the L1 Contracting OPI will draft a BN to inform the DM of action taken,
- p. DMPP will review the BN and provide advice and guidance,
- q. the L1 Contracting OPI will send the BN to their L1 for approval who will then staff the BN to ADM(Mat) for concurrence and approval and furtherance to the DM,\*

**Report:** After OPO has received all information from the department and the complainant, they will evaluate the documentation and write their report. The process does not allow for draft reports and revisions.

- r. OPO will evaluate the information and documentation provided and produce their report, which they will send to the DM and simultaneously to DMPP,
- s. the DM will: direct the appropriate L1 to evaluate the report and draft actions to be taken and a response to OPO, and will advise ADM(Mat), as the Functional Authority for procurement and contracting, for purposes of providing advice and guidance to the L1,
- t. the applicable L1 will direct the Contracting OPI to liaise with DMPP and DND/CF LA to determine actions to be taken,
- u. DMPP and the L1 Contracting OPI will evaluate the findings and liaise together with DND/CF LA to determine if further action is required by DND in the matter,
- v. the L1 Contracting OPI will draft a BN and letter for the DM and send to DMPP for review,
- w. DMPP will review the BN and letter and provide any further advice and guidance, as required, and return to the L1 Contracting OPI,
- x. the L1 Contracting OPI will staff the BN and letter to their L1 for approval who will then staff the package to ADM(Mat) for concurrence and approval and furtherance to the DM,\* and
- y. each organization will apply any lessons learned, corrective measures, disciplinary measures, or other activities, as required, as a result of the full findings of the review undertaken.

(\* note: an email or other document may be required to confirm DND/CF LA approval or support of the BN may be required.)

#### **4.4.2.7 Procurement Reviews, Alternate Dispute Resolution, Other**

When requests for procurement reviews and/or alternate dispute resolution are requested from OPO, each situation is to be treated on a case-by-case basis but, wherever feasible, a similar process as outlined above is to be followed. Any changes to the process is to be discussed with DMPP. Additionally, DND may be informed of complaints where no review by OPO was conducted but an internal review of the situation is warranted. If such a situation occurs, the L1 must consult DMPP and decisions on action to be taken will be made on a case-by-case basis.

#### **4.4.2.8 Misconduct**

When there is evidence, allegation or suspicion of employee involvement in misconduct, such as misappropriation of funds, fraud, defalcation, or violations of laws or regulations, the Chain of Command (CoC) and the appropriate investigative authority is to be informed. Additionally, the CoC and the appropriate DND organization, including the respective OPI for the applicable policies or guidelines (i.e. finance, security, etc) being violated, is to be informed when there is

evidence, allegation or suspicion of employee involvement in violations of policies or departmental directives and guidelines.

#### **4.4.2.8 Questions**

Questions or comments can be submitted to the positional mailbox [+OPO - BOA@ADM\(Mat\)DMPP@Ottawa-Hull](mailto:+OPO - BOA@ADM(Mat)DMPP@Ottawa-Hull).

#### **4.4.2.10 References**

[Office of the Procurement Ombudsman \(OPO\)](#)

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## 5.0 CONTROL PROCUREMENT

The responsibility of procurement and contract monitoring rests with the procurement authority assigned to the procurement file. The individual responsible for these activities may change as the procurement progresses due to management of the asset. For example the PA assigned to a capital acquisition project team may initiate the procurement and control the procurement for a period of time. A hand-over of responsibility of the procurement/contract file to the equipment management team may occur as the asset transitions to in service support

### 5.1 Procurement and Contract Monitoring Tools

- 5.1.1 Monitoring System
- 5.1.2 DND IM/IT Tools
- 5.1.3 Other Tools and Techniques
- 5.1.4 References

#### 5.1.1 Monitoring System

The key to contract management is implementation of an effective monitoring system for tracking the costing and scheduling of deliverables and contractor performance.

In order to effectively track costing, scheduling of deliverables and contractor performance the PA must have a contract and all amendments duly signed by all the required parties.

For PSPC contracts bearing:

- only one signature block (for PSPC) on the front page of the contract, the contract must be signed by PSPC;
- two signature blocks (one for PSPC and one for the vendor) on the front page of the contract, the contract must be signed by PSPC AND the vendor.

PSPC is OBLIGED to provide a duly signed copy of the contract to the PA. If not the PA MUST request it.

An effective monitoring system shall include a variety of tools that are adapted to the specific features and complexities of the contract.

The PA is responsible for using the appropriate contract management tools.

#### 5.1.2 DND IM/IT Tools

The specific DND IM/IT tools available to the PA to manage the contract are:

- **Defence Resource Management Information System (DRMIS):** DRMIS has been mandated as the NDHQ system of records for all procurement within ADM(Mat), where the PA is able to perform procurement activities in DRMIS to automatically create materiel information, as applicable. The PA also initiates funds reservations, pre-

commitments, commitments and invoice/progress claim payment by entering the information into DRMIS. The PA effectively manages PAYEs ([PAM 7.4](#)).

The following procurement activities are performed in DRMIS:

- Purchase requisition (entering requirement details and creating a pre-commitment)
  - 9200 DND requisition to PSPC
  - Preparation of certain types of contracts, such as a PWGSC 942 call-up against a standing offer, DND 626 task authorization or Purchase Order(PO).
- **[Capability Investment Database \(CID\)](#)**: As the primary source for project information in DND, the database supports the departmental capability-based planning process and the development of the Investment Plan.

CID also assists staff in managing the project approval process by providing formatted templates for all departmental documents that are necessary to plan, implement and close a project in accordance with the [Project Approval Directive \(PAD\)](#).

- **MS Project**: A project management tool that can be used to control simple or complex projects. It helps to schedule and track activities to stay on top of their progress.

MS Project includes the following functions:

- Build a plan:
    - Define a project
    - Plan project activities and costs, plan for and procure resources, plan for quality and risks, plan communication and security, optimize a project plan, distribute a project plan
  - Track and manage a plan:
    - Track progress
    - Manage a schedule, resources, costs, scope and risks
    - Report project status
  - Close a project: Review final project information.
- Electronic spreadsheets (MS Excel).

### 5.1.3 Other Tools and Techniques

Other tools and techniques available to the PA to effectively manage the contract are:

- **Statement of Work (SOW)**: Lists the objectives to be attained and the tasks and deliverables that are expected from the contractor in a specified time frame;
- **List of Deliverables (LOD)**: Lists all the goods to be delivered by the company at a specific date;
- **[Record of Payment](#) Form**: Lists all the payments (invoices and holdbacks) paid to the company, excluding GST/HST. The PA writes all payments, adds up the amounts and places the form on file;
- **Meetings with the TA, PA, CA, the contractor**: Facilitate discussion of issues and resolution of problems;

- **Progress review meetings (PRMs) with the TA, PA, CA, the contractor:** Facilitate discussion of issues and resolution of problems;
- **Telephone calls:** Facilitate discussion of issues and resolution of problems;
- **Contractor status reports (weekly, monthly):** Allow tracking the status of the tasks and the deliverables;
- **Plant visits;**
- **Records of decision, meeting minutes, e-mails.**

#### 5.1.4 References

- Defence Resource Management Information System (DRMIS)
- [Supply Administration Manual \(SAM\)](#)
- [Capability Investment Database \(CID\)](#)

### 5.2 Management of Government Furnished Equipment (GFE), Government Supplied Material (GSM) and Government Furnished Information (GFI)

#### 5.2.1 Management of GFE and GFI

If GFE or GFI are to be used in the execution of the contract, it is the PA's responsibility to liaise with the TA and/or LCMM to ensure that the GFE/GFI is provided to the contractor and the proper loan process is followed as detailed in the [Supply Administration Manual \(SAM\)](#), Section 5.12.

Be aware that if these goods are not available when required by the contract, DND may be liable for any cost of delay to the contractor..

#### 5.2.2 Management of GSM

If GSM are to be used in the execution of the contract, it is the responsibility of the PA to:.

- monitor the application of the stocktaking plan very stringently to ensure full compliance with the provisions of the contract
- Monitor/Control GSM including plant visits.

Refer to PAM [ANNEX 3.3.11.B](#), and Appendix 1.

Be aware that if these goods are not available when required by the contract, DND may be liable for any cost of delay to the contractor.

#### 5.2.3 References

- [PSPC Supply Manual:](#)
  - [3.180 Joint Certification Program](#)
  - [10.60 Special Production Tooling and Special Test Equipment](#)
  - [8.70.30 Loans of Department of National Defence Materiel](#)
  - [8.70.35 Return of Special Test Equipment and Special Production Tooling](#)
- [CFAO 36-30](#) - Loans of materiel by and to DND
- [A-LM-184-001/JS-001](#)

- [Supply Administration Manual \(SAM\)](#)
- [DQA Loan section](#)

### 5.3 Monitor Contract Performance

Monitoring contract performance is a key risk management tool used to ensure that the deliverables (goods and services) and the schedule included in the contract are respected.

The level of monitoring depends on the complexity of the requirement and the associated procurement risks ([PAM 3.1.5](#) Procurement Risks).

The PA, CA and TA must agree on the methods and tools used to monitor the contract.

#### 5.3.1 PA and CA's Responsibilities

The PA's responsibilities are to:

- Monitor all delivery dates to ensure that they comply with the contract;
- Hasten the contractor for late deliveries and document each step taken and its results in the file;
- Inform the CA if the delivery date slips or is expected to slip beyond the date specified in the contract;
- Monitor Government Furnished Equipment (GFE), Government Furnished Information (GFI), Government Supplied Materiel (GSM) and ensure they comply with the contract ([PAM 5.1.2](#));
- Monitor GFE return dates and ensure they comply with the contract ([PAM 5.1.2](#));
- Monitor amounts actually spent and compare them to the projected cash flow for the contract—this information will be used to update quarterly forecasts ([PAM 7.0](#));
- Inform the CA if the contract amount requires adjustment (PAM 5.5);
- Comply with all reporting requirements specified in the contract;
- Work with the CA, PM/TA and the contractor to resolve any contract performance issues (PAM 5.1.7.3 and PAM 5.7.3);
- Perform the duties of the CA when the PA is also the CA.

The CA's responsibilities are to:

- Resolve any contract performance issues with the contractor, with the support of the PM/TA and PA;
- Amend the contract where and when appropriate;
- Monitor actual cash flow against the contract cash flow, with participation from the PA and PM/TA .

#### 5.3.2 Contract Monitoring Process

In order to monitor contract performance the PA must:

- Receive progress reports from the PM/TA in a format that is agreed to by the PA, PM/TA and CA and as mentioned in the contract. The reports must, as a minimum, include earned value;
- Maintain and update a Record of Payment Form as described in [PAM 3.4.7](#), and keep a copy in the procurement file;
- Maintain the file record based on documented verification of progress received from the PM/TA, which may take the following formats:
  - Verified invoices
  - Time sheets - to verify hours against work performed to date
  - Progress reports from the PM/TA
  - Approved minutes from Progress Review Meetings;
- Report to the CA any trends which will jeopardize the agreed delivery dates;
- Report to the Responsibility Centre (RC) Manager when an approved budget will be impacted and take appropriate action;
- Take any required resulting procurement action, such as raising a requisition amendment to modify the delivery dates or budget level and forwarding it to the CA;
- Amend the contract or raise a requisition amendment, as appropriate;
- Adjust planned cash flow in DRMIS, when required;
- Record any resulting actions in the procurement file for audit purposes.

## **5.4 Contract-Related Meetings**

The purpose of meeting is to:

- Establish a team to ensure that all parties understand their roles and responsibilities under the contract;
- Ensure that any issues are raised to the appropriate authority in a timely manner. Meetings are a key risk management tool.

### **5.4.1 Roles and Responsibilities**

The PA's responsibilities are to:

- Participate in all meetings related to any contract he or she manages;
- Define the PA's roles and responsibilities under the contract;
- Establish acceptable timelines for the administrative process;
- Review meeting minutes for accuracy;
- Ensure that a copy of the minutes is retained in the procurement file;
- Canvass the TA/PM and ensure that items of concern to DND are included in the meeting agenda;
- Document procurement, finance and supply issues to be discussed at the meeting;
- Ensure there is a DND response for contractor agenda items;
- Confirm the information provided in the progress reports;
- Address any procurement issues that may arise;
- Address any financial concerns that either contractual party may have;

- Visit holding sites for DND-owned spares and loaned equipment to ensure they are being stored and used as directed in the contract;
- Ensure that action items are completed.

The CA's responsibilities are to:

- Schedule meetings;
- Chair meetings;
- Clarify contract obligations for all stakeholders;
- Address any contractual issues;
- Ensure that minutes reflect the meeting.

**Note:** In cases where the PA is also the CA, he or she will take on the responsibilities of both.

The Contractor's normal responsibilities are to:

- Provide the CA with agenda items for the meeting;
- Report work progress to the TA and PA;
- Raise any concerns or issues regarding the progress of the work;
- Provide the PA and CA with financial information;
- Record the meeting minutes;
- Distribute draft minutes for review;
- Distribute final meeting minutes.

**Note:** All contractor responsibilities listed apply only where they are included in the terms and conditions of the contract.

#### **5.4.2 types of Contract-Related Meetings**

The PA may be required to participate in the following meetings:

- Contract kick-off meeting (usually only for large projects: Capital and O&M);
- Progress Review Meeting (PRM) (usually only for Capital & O&M projects, R&O services, major equipment modifications);
- Contract termination meeting (PAM 5.1.7).

##### **5.4.2.1 Contract Kick-off Meeting**

The purpose of the kick-off meeting is to allow all stakeholders an opportunity to:

- Review the details of the contract;
- Review DND procedures (QA, supply, finance);
- Clarify areas of confusion;
- Review and clarify scheduled activities;
- Ensure that everyone understands their responsibilities under the contract.

### 5.4.2.2 Progress Review Meeting

The purpose of PRMs is to periodically review current progress against planned or expected progress indicated in the contract. The meetings may be scheduled or unscheduled and can take different forms depending on the type, complexity and duration of the contract. Examples include:

- **Cost status reviews:** To examine physical inventory and materiel invoices against materiel costs claimed in progress claims;
- **Project/contract reviews:** To confirm information provided in the progress reports and deal with problems or issues related to the contract or schedule;
- **Design reviews:** To conduct Preliminary Design Review (PDR), Change Design Review (CDR) or acceptance/inspection reviews;
- **Contract performance meetings:** To validate contract progress as per the terms and conditions of the contract;
- **Adhoc meetings:** To address any problems or issues that DND or the contractor may have about the delivery of the goods or services.

### 5.4.2.3 Repair and Overhaul (R&O) Contracts: Visit to R&O Contractor Plant

#### Aim

1. To provide guidance to Procurement Authorities (PAs), involved in the field of contract services for Repair and Overhaul (R and O), on the conduct of business while attending and participating in contract Progress Review Meetings (PRMs).

#### General

2. The attendance of PRMs by PAs is an extremely important and vital activity involved in successfully managing R&O contracts. It provides PAs with the opportunity to familiarise themselves with their contracts and deliverables. The reasons for the visit are:

- a) To become acquainted with the people you will be dealing with in administration of your contracts.
- b) To review production schedules and ensure materiel is repaired in the time (Turn-Around-Time) specified in the contract.
- c) To review and discuss other contract deliverables such as, but not limited to, Technical Investigation and Engineering Studies (TIES), Special Investigation Technical Studies (SITS).
- d) To confirm, in liaison with QAR, the Contractor's stocktaking plan and schedule.
- e) To do a tour of the Contractor's warehouse facilities to ensure compliance to the applicable contractual obligations (ie. Loan agreements and "Care of Government Property" clauses; segregation of stock holdings by category of CIS, AAS and GFOS parts, labelling of DND equipment).
- f) To conduct periodic reviews, in conjunction with QARs, of the Contractor's supply accounting to ensure that the range and depth of CI and AA spares are adequate to provide timely turnaround of repairable items.

- g) To review current financial status of all contracts.
- h) To review outstanding Priority Repair Requests (PRRs), R&O status and progress reports.
- i) To determine the number of months backlog currently in plant.
- j) To identify, discuss and assist in resolving problems that the contractor is experiencing in meeting contract requirements.

### **Frequency of the Visit**

3. The frequency of visits should be determined by the phase of the contract (ie. Newly awarded contract versus contract near close-out, the complexity and urgency of the work, the criticality of timely repair, the value of the contract, and the corresponding cashflow output). There should always be an initial PRM shortly (within 1 - 2 months after contract award) to iron-out issues, misunderstandings, interpretations, etc. The following guidelines should prevail when drawing up visit schedules:

- a) New contracts over \$1,000,000 - a minimum of every 3 months initially and then semi-annually or annually depending on the circumstances;
- b) New contracts over \$500,000, but not less than \$1,000,000 - every year;
- c) New contracts under \$500,000 - as deemed necessary;
- d) Renewal contracts with same supplier. Same as established previously under the old contract; and
- e) Renewal contracts with new supplier - 3 a. to c. above.

4. The above guidelines are not always practical in all cases. Depending on the type of equipment and the intricacies of each contractor's plant, more frequent visits may be required.

### **Preparation for PRMs**

5. Preparation for the trip should normally entail the following:

- a) Request a [Data Item Description \(DID\) Progress Report](#) from the Contractor
- b) Establishment of objectives for trip, i.e.: what do you wish to accomplish during the visit?
- c) Obtain applicable approval for the visit. (See paragraphs 6-7 for Out-of-Country travel)
- d) Liaise with the QAR, the Contractor, PSPC and LCMM on matters to be discussed. (Who will be required to attend and agree on suitable data.)
- e) Forward a visit request to the QAR outlining the purpose of the visit. (CFAO 20-5 refers.)
- f) Make the necessary travel arrangements.



g) Write up an agenda on the purpose for the visit and submit to interested parties, (if required).

#### Out-Of-Country Travel Visit Clearance Requests (VCRs)

6. For out-of-country travel, PAs must be familiar with Visit Clearance Request (VCR) Procedures and plan their PRMs well in advance to ensure the timely approval of travel requests. Ref B provides guidance and procedures for travel outside Canada to attend PRMs that PAs shall adhere to in planning PRMs and visits to companies. Ref B can be found at [intranet](#) and internet sites.

7. Depending on the composition of the Project Team (PM/PA/PSPC), often PSPC, or the PM, will submit VCRs for the team, particularly for travel to the USA. VCRs for Continental Europe and the United Kingdom may not be as straight forward and require PAs to take the lead in ensuring that VCRs are submitted timely and in accordance with Ref B. VCR documents should also accompany any request for travel for approval to Senior Management for visibility and compliance purposes.

#### Out-Of-Country Contractor Plant/Site Visits

8. Prior to the visit, and in addition to the above-mentioned guidelines at paragraph 5 above, the PA must obtain computer data on R&O holdings (Contractor's RMA) at the contractor's plant. During the visit, the PA shall verify these holdings with the Contractor. If discrepancies exist, the PA shall investigate the discrepancy and/or reconcile through the applicable CFSD/OCRS. In addition, given the out-of-country location of the Contractor, it is paramount that the PA reads [Annex 3.3.11.B](#) to familiarise itself with the requirement to verify the Contractor's inventory holdings of Bonded Inventory (consisting of AAS, GFOS, Loaned Equipment, and sometimes CIS) during the PRM.

#### Visit Report

9. A short to-the-point visit report should always be prepared for all visits and be similar in form and content to the example as illustrated at [Appendix 1](#). Reports are to be prepared and presented to the supervisor upon return from PRMs (within five (5) working days of return). In addition, when a production review meeting is called, or when the need to record decisions to be made is anticipated, the PA shall ensure that minutes of the meeting are taken and distributed to all concerned by the contractor. The visit report will serve the purpose of planning the next meeting ensuring visibility of action items and their closure.

#### 10.0 References

- A. CANFORGEN 119/02 DCDS 177 041806 Nov 02
- B. VCDS Visit Clearance Request (VCR) Procedures
- C. CFAO 20-5

#### 5.4.3 Meeting Participants

The parties that must be invited to a meeting are:

- CA;

- Other government department representatives where appropriate;
- Contractor(s);
- PM/TA;
- PA;
- Other DND stakeholders;
- [DND/CF LA](#).

## **5.5 Amendments to Contracts when DND is the Contracting Authority**

**Note:** if PSPC or SSC is the Contracting Authority, they are the owners of the amendment process and will action a DND amendment request appropriately, as per their policy direction.

Contract amendments are used to formally delete, modify, or introduce new conditions to the original contract. There are three general categories of Contract Amendments:

### **5.5.1 Administrative Amendments**

During a contract, there may arise a situation where an administrative amendment is required. An administrative amendment is appropriate when neither the liability of the Crown, nor the value or scope of the contract, is altered. Contractual changes can be:

- Updating the Contracting Authority (CA) or Technical Authority (TA) in the contract.
- Correcting spelling and grammar that does not change the original intent of the contract.
- Reducing estimated values of the contract to reflect the actual expended values as part of contract close-out.

These changes are considered minor and do not change the contractual relationship between the parties. This type of amendment can be approved by the Contracting Authority or the Procurement Officer managing the contract. Individual organisations may choose to place further restrictions on approvals for these types of amendments

### **5.5.2 Anticipated Amendments**

During the course of a contract, it may be necessary to amend the contract for things which were anticipated and approved at the outset of the procurement, for example, to exercise approved options or incorporate unscheduled work, the inclusion of which is allowed by the original contract.

An anticipated amendment is approved at the time of contract entry and is therefore not required to be approved by the Contracting Authority at the time of exercising the option or additional work. Individual organisations may choose to place further restrictions on approvals for these types of amendments.

### **5.5.3 Unanticipated Amendments**

During the course of a contract, new, unanticipated situations may arise which require changes from the original contract terms and conditions. An amendment must be raised prior to implementing any changes. These changes are considered unanticipated amendments to the

contract. This type of contract amendment should only be considered when it is in the best interest of the Crown and not to relieve a supplier of their contractual obligations.

Careful analysis must be done *and documented on file* to determine the validity of an amendment rather than issuing a new contract.

- Efficiency in time or value alone are not sufficient to justify an amendment.
- Any changes from the original scope of the solicitation carries an element of risk that must be considered.
- Increasing the value of the contract or expanding the scope of the work should be subject to the same level of scrutiny as non-competitive contracts even if a non-competitive approval is not required.
- Consultation should be done with the appropriate individuals within your organization, as required.

Since unanticipated amendments are, by definition, a deviation from the standard terms and conditions, the amendment must be agreed upon by both parties of the contract.

Note: When there is a change in a company's name or ownership, or there is a termination, guidance from a Canadian Forces Legal Advisor (CF LA) is required to ensure the contract is legally binding.

#### 5.5.4 Contract Amendment Process

Generally, a contract amendment is initiated by the TA to the PA/CA via a request to exercise optional quantities, periods, or to modify contract terms.

It is also possible that an amendment is requested by the supplier. In these situations, careful analysis must be done by the TA and PA/CA to ensure that the amendment is required and is in the best interest of the Crown.

The PA/CA might initiate an administrative amendment.

Once the PA/CA receives the amendment request, they must review the information provided and determine if the amendment is necessary and valid. If the amendment is deemed to be valid, then the PA/CA will prepare the contract amendment and any other internal document that the procurement organisation requires for the approval of contract amendments. Once the approval is obtained, the contract amendment is sent to the supplier. A best practice is to obtain the supplier's signature when changes to the terms of the original contract occurs.

The procurement file **must** be documented with all relevant forms and approvals, including:

- Update to the procurement plan (if applicable)
- Any supporting documents and approvals
- The [Contract Summary Sheet](#)
- The complete contract amendment, including an amendment cover page

Note: The Contract Summary Sheet must be updated for subsequent amendments to the contract.

### 5.5.5 Roles and Responsibilities

#### Technical Authority (TA)

The TA is responsible for approving the technical aspect of the amendment and initiating these types of amendment requests. They are also responsible for providing justification for unanticipated amendments.

#### Procurement Authority / Contracting Authority

The PA/CA is responsible for reviewing all documentation and obtaining the required approvals and signatures for the contract amendment. Once signed, the PA/CA must transmit the amendment to the supplier and other stakeholders as required. The PA/CA is also responsible for updating the procurement file and ensuring a Contract Summary Sheet is included as a quick reference on the status of the contract.

### 5.5.6 Drafting Amendment Documents

All changes must be documented and approved in the same format and process as the original requirement. An amendment cover page must be used for all contracts which original had a cover page.

For all contract documents, the following content shall appear in the main body text of the form:

**1. Purpose:**

The purpose of the original document and the date it was issued (if stated on the original document);

**2. Amendment number:**

The amendment number and the purpose of the amendment;

**3. Subsequent paragraphs:**

Details of all changes, specifying the document, paragraph numbers, and specific text where appropriate;

**4. Time period or date:**

A time period in which the changes take effect if the change is to be temporary or a specific date in which the changes take effect if the changes are permanent;

**5. Final paragraph:**

The last paragraph (excluding closing amendment) shall read: "All other terms and conditions remain the same."

For a closing amendment, the last paragraph shall read: "This contract is now considered closed and complete."

**Table 5.5.6-1 Examples of Text for an Amendment Document****Amendment to invoke an option year on a contract**

1. This document was raised for the procurement of Specialized Technical Services in support of TEST Project in accordance with the original statement of work dated 13 May 06.
2. Amendment number 1 to this requisition is raised to increase the level of funding and invoke the first option period.
3. In order to cover the first twelve-month option period the level of funding for this contract is increased from \$125,000.00 (excluding GST/HST) by \$53,000.00 (excluding GST/HST) to a revised value of \$178,000.00 (excluding GST/HST).

Change Contract Para. 12 as follows :

- a) Delete: Contract End Date: 06 Aug 2006
- b) Insert : Contract End Date: 06 Aug 2007

4. All other terms and conditions remain the same.

**LPO amendment to extend the delivery date of items**

1. Amendment 1 to this LPO is raised to make the following changes:

Item # 2 Delete: Delivery Date: 08 July 07  
 Insert: Delivery Date: 13 July 07

Item # 9 Delete: Delivery Date: 16 Sept 07  
 Insert: Delivery Date: 13 Sept 07

2. All other terms and conditions remain the same.

**626 closing amendment**

1. This 626 was raised to perform the services in accordance with the original Statement of Work dated 19 Jan 05.
2. Amendment 1 to this 626 is raised to reduce the level of funding to the actual expended amount.  
 Reduce the level of funding from \$23,000.00 (excluding GST/HST) by \$2,198.00 (excluding GST/HST) to the actual expended amount of \$20,802.00 (excluding GST/HST).
3. This 626 is now considered closed and complete.

### 5.5.7 Processing Amendment Documents When PSPC or SSC is the CA

Form	Form Completion Instructions	Amendment Signing Authority	Process	The PA will:
PWGSC 9200	PAM <a href="#">ANNEX 3.3.11.A</a>	Table 1.4.B-1 to 1.4.B-7	<a href="#">PAM 3.3.11.10</a> PAM 3.3.11.9	<ul style="list-style-type: none"> <li>Review the proposed amendment as per PAM 5.5</li> <li>Complete the 9200 amendment as described in PAM <a href="#">ANNEX 3.3.11.A</a></li> <li>Process it for approval as described in <a href="#">PAM 3.3.11.8</a></li> <li>Obtain approval as described in <a href="#">PAM 1.4</a>.</li> <li>Forward the approved amendment to the CA/PSPC.</li> </ul>
PWGSC 9200-11	PAM Annex <a href="#">3.3.4.A</a>	<a href="#">PAM 1.4.5</a>	<a href="#">PAM 3.3.4.4</a>	<ul style="list-style-type: none"> <li>Review the proposed amendment as per PAM section 5.5</li> <li>Complete a 9200-11 amendment form, following the instructions in PAM <a href="#">Annex 3.3.4.A</a></li> <li>Seek approval of contract amendment as explained in <a href="#">PAM 3.3.4.4</a></li> <li>Forward the approved amendment to the CA/PSPC.</li> </ul> <p><b>Note:</b> An amendment must not exceed the financial amendment limitation specified in the SA and/or significantly change the original scope of work.</p>
Shared Services Systems	PAM 3.3.23.5	<a href="#">PAM 1.4.5</a>	<a href="#">PAM 3.3.23.5</a>	<ul style="list-style-type: none"> <li>Review the amendment as per PAM 5.5</li> <li>Seek internal approval</li> <li>Submit the amendment request via the appropriate SSC system</li> </ul>

### 5.5.8 Recording the Financial Information

The CA/PA is responsible for entering the contract information in the Defence Resource Management Information System (DRMIS).

### 5.5.9 Reporting the Information in CDMS

Refer to PAM 4.3, Mandatory Contract Reporting

### 5.5.10 Filing the Contract Amendment

The CA/PA is responsible for:

- inserting a copy of the Basic Support Document (BSD) and of the approved amendment in the procurement or contract file as well as the [Contract Summary Sheet](#).
- sending a copy of the contract amendment to the Directorate of Quality Assurance (DQA) at [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca) for contracts containing a Quality Assurance code of Q or J and/or Standard Acquisition Clauses and Conditions (SACC) D5540C or D5580C.

## 5.6 Account Verification and Payment Processing

This section contains information on the following information:

- 5.6.1 Account Verification and Payment Processing
- 5.6.2 Account Verification and Audit Responsibilities for Contracts Awarded by DND
- 5.6.3 Account Verification Responsibilities for Contracts Awarded by PSPC
- 5.6.4 Account Verification Responsibilities for Contracts Awarded by DCC (to be drafted)
- 5.6.5 Account Verification Responsibilities for Contracts Awarded by SSC (to be drafted)

### 5.6.1 Account Verification and Payment Processing

Account verification and payment processing are financial transactions and as such departmental policy is established by DFP and detailed in [FAM 1016-3: Account Verification – FAA Section 34](#)

DFC/CDAO is responsible for establishing procedures for Account Verification and Payment Processing. These processes are documented in [CDAO SOP 1.09 Procure to Payment](#).

### 5.6.2 Account Verification and Audit Responsibilities for Contracts Awarded by DND

This section contains information on the following:

- 5.6.2.1 Audit Responsibilities for Contracts Awarded by DND
- 5.6.2.2 Contract Authority within the RC Manager's Chain of Command
- 5.6.2.3 Contract Authority within ADM (Mat) Procurement Directorates

#### 5.6.2.1 Audit Responsibilities for Contracts Awarded by DND

The "audit provision" of a contract is an article that provides for the examination, inspection or audit of:

- the supplier's information related to the contract (ex.: accounts, records of the costs of performing the work, expenditures and commitments made in connection with the work)
- the payments made by the Crown under the contract

The CA may exercise the audit provision of a contract for the following purposes:

- To ensure correct contract payment;
- To mitigate the risks associated with cost-reimbursable contracts and high-risk, complex contracts;
- To obtain the assurance that the price being charged is fair and reasonable;
- To provide assurance that the contract does not contain a material amount of loss to the Crown due to excessive profits or inaccurate or unreasonable costing practices;
- To provide quality control information on the acquisition process, including contract management;
- To apply as an account / payment verification control and risk mitigation strategy;
- To apply a risk mitigation strategy to ensure fairness, openness and transparency in the procurement process;
- To use to detect overpayments that may have occurred;
- To recover overpayments or payments made in error to suppliers.

The CA must use one of the following to obtain audit services:

- contract for auditing services using the Professional Audit Support Services - Supply Arrangement (PASS-SA); or
- Contact the PSPC Cost Audit Group (PSPC / Acquisition Branch / Policy, Risk, Integrity and Strategic Management sector / CAG) and request auditing services.

#### **5.6.2.2 Contract Authority within the RC Manager's Chain of Command**

During the life of the contract awarded by an authority within the chain of command of the RC Manager, an appropriately trained individual, other than the RC Manager, must:

- abide by the terms of payment indicated in the contract;
- not modify the terms of payment of the contract.

The appropriately trained individual other than the RC Manager is responsible to:

- Verify the invoice or progress claim as detailed in CDAO SOP 1.09 and in accordance with FAM 1016-3 Account Verification FAA section 34.
- Perform all steps of the verification process with the exception of the receipt of goods and services.
- Confirm the receipt of goods and services with the individual or organization identified in the contract to receive the goods and services.
- Staff the invoice or progress claim to the RC Manager or Administrator for Certification of FAA section 34.
- Ensure that the invoice is entered in DRMIS.

#### **5.6.2.3 Contract Authority within ADM (Mat) Procurement Directorates**

During the life of the contract awarded by an ADM (Mat) Procurement Directorate on behalf of another ADM(Mat) organization, the CA must:



- abide by the terms of payment indicated in the contract;
- not modify the terms of payment of the contract.

The CA is responsible to:

- Verify the invoice or progress claim as detailed in CDAO SOP 1.09 in accordance with FAM 1016-3 Account Verification FAA section 34.
- Perform all steps of the verification process with the exception of the receipt of goods and services.
- Confirm the receipt of goods and services with the individual or organization identified in the contract to receive the goods and services.
- Staff the invoice or progress claim to the RC Manager or Administrator for Certification of FAA section 34.
- Ensure that the invoice is entered in DRMIS.

During the life of the contract awarded by ADM(Mat) Procurement Directorates on behalf of another L1 organization, the PA must:

- abide by the terms of payment indicated in the contract;
- not modify the terms of payment of the contract.

The PA is responsible to:

- Verify the invoice or progress claim as detailed in CDAO SOP 1.09 in accordance with FAM 1016-3 Account Verification FAA section 34.
- Perform all steps of the verification process with the exception of the receipt of goods and services.
- Confirm the receipt of goods and services with the individual or organization identified in the contract to receive the goods and services.
- Staff the invoice or progress claim to the RC Manager or Administrator for Certification of FAA section 34.
- Ensure that the invoice is entered in DRMIS.

### **5.6.3 Account Verification Responsibilities for Contracts Awarded by PSPC**

During the life of the contract, the PA must:

- abide by the terms of payment indicated in the contract;
- not modify the terms of payment of the contract.

The PA is responsible to:

- Verify the invoice or progress claim as detailed in CDAO SOP 1.09 in accordance with FAM 1016-3 Account Verification FAA section 34.
- Perform all steps of the verification process with the exception of the receipt of goods and services.
- Confirm the receipt of goods and services with the individual or organization identified in the contract to receive the goods and services.
- Staff the invoice or progress claim to the RC Manager or Administrator for Certification of FAA section 34.
- Ensure that the invoice is entered in DRMIS.

#### **5.6.4 Account Verification Responsibilities for Contracts Awarded by DCC**

To Be Drafted

#### **5.6.5 Account Verification Responsibilities for Contracts Awarded by SSC**

To Be Drafted

#### **5.6.6 References**

- [DAOD 1016-0 Expenditure Management](#)
- [FAM 1016-3 Account Verification- FAA sec 34](#)
- [CDAO SOP 1.09](#)

### **5.7 Problem Resolution**

- 5.7.1 Problems and Issues
- 5.7.2 Unresolved Problems or Issues
- 5.7.3 Contract Termination
- 5.7.4 References

#### **5.7.1 Problems and Issues**

- 5.7.1.1 Examples of Problems and Issues
- 5.7.1.2 General Guidelines for Resolving Problems and Issues
- 5.7.1.3 Contract Performance

Problems and issues encountered during the life/completion of a contract should be dealt with at the appropriate authority level and in a timely manner. Anticipated problems may be avoided or resolved faster through a documented process.

##### **5.7.1.1 Examples of Problems and Issues**

The following are a few examples of problems and issues divided into three categories:

##### Process or administrative:

- Invoices issued by the contractor do not contain all information as required by the contract.

- The contractor is providing services prior to issuance of a DND 626.
- Items are being received from the supplier without the appropriate shipment or packing information.
- A contractor's employee has resigned prior to completing contracted services on site at DND.

#### Monetary:

- An item contracted for is no longer available, and the supplier offers to provide a compatible but more costly substitute item.
- A company has submitted an invoice and is requesting payment prior to confirmation of receipt of goods.
- A TA realizes that the initial contract did not completely identify the requirement, and completion would require an increase in cost, a time extension or both.

#### Technical:

- The specification for equipment states that the new equipment will format and send electronic data to a display unit. The equipment has two channels and the TA assumed that the contractor would deliver two output buffers. The contractor's proposal specified "buffer". One buffer was delivered.
- An antenna has failed the environmental acceptance test. The contractor wants to replace the motor and restart the test at the point that the item failed. The test specification states that it must be restarted from the beginning.
- The contract specification stated that 25 new units must be delivered to the Department. The first 10 units that arrived were accepted, but the remaining 15 units that have now arrived are a different version of the same model number.
- The contractor delivered technical manuals for a large equipment purchase. The manuals have many errors and omissions based on a random inspection of pages in 80% of the manuals.

The PA's responsibilities are to:

- Ensure that the CA is aware of the problem or issue and supports the planned approach for resolution;
- Ensure that management is aware of the issue and supports the planned approach for resolution;
- Ensure that the TA is aware that technical problems or issues should only be resolved directly with the company when agreed to by the PA and CA;
- Track and document the actions taken to resolve the problem/issue and the progress of problem resolution. Therefore, if the problem or issue is not resolved, proper documentation facilitates escalating it to a higher level.

#### **5.7.1.2 General Guidelines for Resolving Problems and Issues**

The PA's responsibilities are to:

- a) **Read the Procurement Risk Assessment:** If there is an existing procurement risk assessment associated with the contract, review the risk mitigation strategy to determine whether the problem or issue was addressed.
- b) **Read the contract:** Many problems and issues are anticipated and provided for in the terms and conditions of a contract and will prescribe a resolution. If applicable, ensure that the terms and conditions of the contract allow the risk remedy established in the Procurement Risk Assessment.
- c) **Consult with the CA:**
- Inform the CA about the issue
  - Confirm that the understanding of the specific contract clauses (if applicable) is correct
  - Discuss the content of procurement risk assessment remedies (if applicable)
  - Agree on the next steps for resolving the problem or issue; steps may include:
  - Attempting to resolve the issue directly with the company, identifying DND and contractor personnel with the expertise required to resolve the issue, and ensuring that the TA, CA, and PA are all informed of progress and/or resolution
  - Consulting managers for advice (both PA and CA)
  - Consulting legal advisors ([DND/CF LA](#) for PA and CA's legal advisors)
  - Scheduling further discussion after receiving guidance to ensure timely resolution
  - Agree on the urgency of the problem or issue, considering the impact of the planned resolution, such as schedule delays, cost increases, effect on related work, operational abilities.
- d) **Inform Management:**
- Inform the PA's immediate supervisor of the situation, including:
    - What has taken place to date
    - Who has been consulted and their recommendations
    - The planned approach for resolving the issue
    - Foreseeable impact and urgency.
  - Request comments, advice and concurrence on both the planned approach and on whether the issue should be raised up the chain of command.
- e) **Resolve the problem or issue:** Proceed with the planned approach for resolution, documenting any actions and responses.

The PA's actions may include resolution by:

- Telephone  
The PA must:
  - document the conversation and keep a record in the procurement file.
- Correspondence  
The PA must keep copies of incoming and outgoing correspondence in the procurement file.
- Meetings with all the concerned stakeholders

The PA must retain approved meeting minutes in the procurement file, including discussions, decisions and action items. They must distribute the minutes to all the stakeholders so that they are informed, in writing, of their action items and responsibilities.

### 5.7.1.3 Contract Performance

With respect to contract performance, the PA is responsible for verifying the status of delivery or quality of deliverables or both, with one or more of the following:

- DRMIS data
- Supply Manager (if procuring on behalf of the PA)
- TA
- QAR.

See PAM 5.1.3 for details on monitoring contract schedule and cost performance.

Quality: If the quality of the deliverable does not meet the contract requirements, the PA is responsible for notifying the contractor within 15 days of receipt or as specified in the contract. Failure to do so may limit the options available to the Crown if the problem persists and further action is required.

Delivery Schedule: If the delivery is late or the quality is questionable, the PA must inform the CA and request that the contractor provide:

- An explanation, identifying the cause of the delay or lack of quality
- A plan to address the deficiency.

If the contractor does not take corrective action, the PA must request that the CA inform the contractor in writing that failure to resolve the problem may result in DND taking additional action. Depending on the severity of the problem or its implications, such action might range from increased surveillance (100% QA) to contract termination.

If the PA is the CA, the PA/CA is responsible for communicating with the contractor as indicated above.

### 5.7.2 Unresolved Problems or Issues

Two avenues of recourse are available to a contractor who is not satisfied that a problem has been resolved:

#### a) Contract **Claims Resolution Board (CCRB)**:

When any problem or issue associated with goods and services contracts cannot be resolved expeditiously through negotiation, the contractor should be advised by the CA, in writing, to submit a formal claim to the Director, [PSPC Conflict Management Program](#), through one of two means:

## 1) Contracts Settlement Board (CSB) process:

The CSB process applies to most contract situations except Contract Disputes Advisory Board (CDAB) (below)

- The contractor may submit a claim at any time during or, in most cases, after the contract
- CCRB will notify both the CA and their client of the submitted claim and request a submission including:
  - Signature at the director level
  - Recommended settlement
  - Confirmation that funds are available for settlement
- To refute or support the contractor's claim the CSB Chairperson may, depending on the complexity of the dispute, provide opportunity for the contractor, the CA and their client to:
  - Appear in person
  - Be represented by an authorized representative
  - Be represented by legal council

## 2) Contract Disputes Advisory Board (CDAB) process:

The CDAB process applies to disputes arising from architectural and engineering, construction, building maintenance and leasing contracts.

- The contractor/consultant may request, in writing, that the Minister set up a CDAB.
- The CCRB Director, in consultation with the parties involved will, among other responsibilities, select an arbitrator to act as Chairperson, and establish a timeframe for the process, normally with the following schedule for the hearing:
  - Day 1 – claim is presented
  - Day 2 – responses to the claim are presented
  - Day 3 – panel concludes its review of the facts presented by the parties.

### b) **Legal Proceedings:**

If the contractor does not accept the CCRB ruling or is not made aware of the right to submit claims through the CCRB, the contractor may institute legal proceedings against the Crown (PAM 4.6).

When either of these avenues is taken, the PA is responsible for:

- Ensuring that management is aware of:
  - Unresolved problems or issues
  - Problems or issues that were not resolved to the satisfaction of the contractor
  - Notification from the CA or CCRB that the contractor has submitted a claim.
- Providing documentation and details on any pertinent aspects of the subject procurement to management, the CA, or DND legal counsel, in a timely manner. This may include, among other items:
  - DND correspondence and/or records of discussion with the contractor in efforts to resolve the problem or issue

- DND correspondence and/or records of discussion with the CA
- Details of the steps taken and efforts made to resolve the issue.

### 5.7.3 Contract Termination

Contract termination should be considered only in exceptional situations that, without intervention, would result in an immediate and detrimental impact on CAF operations, personnel or security. It must be viewed as the only remaining alternative. There are three reasons for termination, described in Table 5.7-1:

**Table 5.7-1 Reasons for Contract Termination**

Reason	Conditions where Applicable	Not Applicable where
<b>1. Convenience of the Crown</b>	<ul style="list-style-type: none"> <li>• A curtailment of funds</li> <li>• Discontinuation of a government program</li> <li>• Circumstances which make the acquisition of the product or service unnecessary</li> <li>• Discovery that the CA has, in error, awarded the contract to a non-responsive bidder</li> </ul>	<ul style="list-style-type: none"> <li>• The contractor is in default</li> <li>• Termination by mutual consent would be more advantageous to the Crown</li> </ul>
<b>2. Default</b>	There has been a breach of contract by the contractor, usually by non-performance or delayed delivery.	The contractor has a valid defence such as: <ul style="list-style-type: none"> <li>• Faulty or incomplete specifications were provided by the Crown</li> <li>• Government Supplied Materiel (GSM) was faulty, substandard and/or supplied after the time agreed in the contract</li> <li>• Samples were not provided on time</li> <li>• No action was taken by the Crown after the first default by the contractor</li> </ul>
<b>3. Mutual Consent</b>	There has been agreement to terminate without penalty by both parties.	<ul style="list-style-type: none"> <li>• It is in the interest of the Crown to terminate for default</li> <li>• The contractor claims additional costs upon termination</li> </ul>

The decision to terminate a contract is not solely the responsibility of the CA. The contract is a legal document.

Prior to termination the CA must consult with:

- [DND/CF LA](#), the legal counsel for the department
- The Cost Analyst
- TA/PM
- DND PA
- Senior management.

After the above consultation, if termination is required, the CA will:

- Notify the vendor of the decision to termination and provide justification for the decision. Notification will be provided in writing on formal DND letter head.

- Raise a final closing amendment to the contract.

### [Sample Letter of termination for convenience](#)

#### **5.7.4 References**

- [PSPC Supply Manual 8.140 Disputes](#)
- [PSPC Supply Manual 8.135 Terminations](#)
- [MGI 8-4, Contract Disputes and Claims - PWGSC Administered Contracts](#)
- [TB Contracting Policy, article 12.8: Disputes](#)

#### **5.8 Special Considerations**

PAM 5.8 outlines information on the following subjects:

- PAM 5.8.1: Professional Services Contracts
- PAM 5.8.2: Major Crown Projects
- PAM 5.8.3: R&O Contracts: Support Services Provided to PAs Managing R&O Contracts
- PAM 5.8.4: R&O Stocktaking: Summary Investigations - R&O Contractors
- PAM 5.8.5: R&O Contracts: Customs and Excise
- PAM 5.8.6: R&O Contracts: Loan of DND Materiel to R&O Contractors excluding Contract Issue Spares (CIS), Government Furnished Overhaul Spares (GFOS) and Accountable Advanced Spares (AAS)

##### **5.8.1 Professional Services Contracts**

This section applies when DND has stated in a professional services contract that one or more consultants will be required to perform some or all of the work on a DND site and to have access to the Defence Information Network (DIN).

###### **5.8.1.1 Actions Required Prior to the Consultant's Arrival**

The responsibilities of the PA are to:

- Confirm the consultant's security clearance level and expiry date by obtaining a copy of the Security Screening Certificate and Briefing Form;
- Confirm the company's controlled goods registration number and expiry date provided in the proposal or available at the PSPC [Controlled Goods Directorate](#);
  - Confirm with the company whether the consultant is an employee or a subcontractor;
  - If the consultant is a subcontractor, request from the company the subcontractor's company name and its controlled goods registration number and expiry date;
- Inform the TA of the start date of the contract/task;
- Inform the TA of the TA's responsibilities.

The responsibilities of the TA (detailed in the [LCMM Handbook](#), chapter 7) are to:



- Arrange with the company the date and time that the consultant is to arrive on-site and whom to meet (the date has to be on or after the contract/task start date);
- Inform the TA's administration cell / base orderly room / Security & Access Authority of the consultant's arrival date and time;
- Arrange a meeting between the consultant and the TA's administration cell / base orderly room / Security & Access Authority to initiate actions required upon the consultant's arrival;
- Inform the TA's administration cell / base orderly room / Security & Access Authority of its responsibilities.

The responsibility of the TA's administration cell / base orderly room / Security & Access Authority is to:

- Allocate an office, a computer and a telephone to the consultant.

#### **5.8.1.2 Actions Required Upon the Consultant's Arrival**

The responsibility of the PA is to:

- Inform the TA of the TA's responsibilities.

The responsibilities of the TA (detailed in the [LCMM Handbook](#), chapter 7) are to:

Coordinate creation of an e-mail account for the consultant (with a "C" (for consultant) after the designation);

- Ensure the hours claimed on the invoices are the actual hours worked;
- Inform the TA's administration cell / base orderly room / Security & Access Authority of its responsibilities.

The responsibilities of the TA's administration cell / base orderly room / Security & Access Authority are to:

- Have the consultant complete the In clearance form;
- Have the consultant sign the list of any loaned equipment;
- Prepare a file on the consultant (the "Consultant's file") with a copy of the In clearance form and the list of loaned equipment (if any);
- Request from the contractor a completed Visit Clearance Request (VCR) containing the following information:
- Consultant's security clearance, level and expiry date;
- If the consultant is an employee of the contractor: the contractor's controlled goods registration number and expiry date; or
- If the consultant is a sub contractor: the sub contractor's company name, controlled goods registration number and expiry date.
- Ensure that the consultant receives an e-mail account with a "C" (for consultant) after the designation;
- Update the nominal role with the consultant's information and adds a "C" (for consultant) after the designation;

- Coordinate issuing a building pass to the consultant (with access to the building only, for normal working hours only);
- Inform the TA once the consultant completes the required paperwork.

#### **5.8.1.3 Actions Required Upon the Consultant's Departure**

The responsibilities of the PA are to:

- Ensure that an audit trail exists by having the procurement file kept up to date with the necessary paperwork;
- Ensure, if applicable, that PSPC is informed about the departure and/or replacement of the consultant;
- Inform the TA of the TA's responsibilities.

The responsibilities of the TA (detailed in the [LCMM Handbook](#), chapter 7) are to:

- Coordinate a meeting between the consultant and the TA's administration cell / base orderly room / Security & Access Authority for the consultant to complete the Out clearance form and return any loaned equipment and the DND building pass;
- Note the time of departure and refer to it when the last invoice is submitted for payment;
- Inform the TA's administration cell / base orderly room / Security & Access Authority of its responsibilities.

The responsibilities of the TA's administration cell / base orderly room / Security & Access Authority are to:

- Have the consultant complete the Out clearance form;
- Have the consultant return any loaned equipment (if applicable);
- Retrieve the DND building pass from the consultant;
- Escort the consultant out of the building;
- Have the building pass deactivated;
- Have the consultant's e-mail account deleted;
- Remove the consultant's name from the nominal role;
- Request that the telephone voice mailbox be reset;
- File the Out clearance form on the consultant's file;
- Inform the TA that all actions are completed;
- Ensure that an audit trail exists regarding the consultant by having the file kept up to date with the necessary paperwork.

#### **5.8.1.4 Consultants and Travels**

The policy for contractor travel is TBS - [Special Travel Authorities](#) - Section 7, [Persons on Contract](#).

It is legal to use Travel Authority Numbers (TAN) for contractors.

The PA must ensure:

- That the requirement to travel and the travel costs are specified in the contract (refer to TBS - Special Travel Authorities – Section 7, Persons on Contract, paragraph 7.1);
- To do the booking on behalf of the consultant (refer to TBS - Special Travel Authorities – Section 7, Persons on Contract, paragraph 7.8);
- To book up to full-fare economy only (refer to TBS - Special Travel Authorities – Section 7, Persons on Contract, paragraph 7.4);
- That the TAN charges are SA'd (System Adjusted) to the commitment for the contract in DRMIS;
- That the contractor does not bill for the airfare.

#### **5.8.1.5 Further Information**

For more information on professional services contracts, see:

- PAM 3.3.10 and [PAM 3.3.11.D](#).
- [TBS Travel Directives for Consultants/Contractors](#)
- [Guidelines for Technical Authorities on Contracting for Professional Services Contracts](#)

#### **5.8.2 Major Crown Projects**

This section describes the specific responsibilities of the Procurement Manager/Comptroller (PMC) during the control phase of procurement and the implementation phase of the project for an MCP and the support that the team provides.

The general roles and responsibilities of the PMC are described in [PAM 1.3](#) and the [Responsibility Matrix](#) (indicated by "M").

##### **5.8.2.1 Procurement Services**

The responsibilities of the PMC are to:

- Provide advice to the PM on all matters pertaining to procurement;
- Review SOWs and prepare and staff PIs;
- Approve (or obtain approval for) the encumbrance of funds in accordance with Section 32 of the FAA and release PIs;
- Participate in the review of contractor proposals and coordinate departmental responses;
- Participate in contract negotiations;
- Consult with the PM/TA or invite them to participate in contract negotiations, including rate negotiations, when their technical expertise may be needed
- Participate in the preparation of TB Progress Reports;
- Carry out contract administration, which includes:
  - Ensuring completion of DRMIS inputs
  - Tracking of deliverables
  - Participation in the resolution of contract disputes
  - Coordination and tracking of GSM and GFE
  - Coordination and tracking of IP activity
  - Certification of the receipt of goods or services in accordance with Section 34 of the FAA (when appropriate);

- Monitor contract progress and review all contract amendment activity to determine and analyze schedule and financial implications;
- Alert the PM and the functional chain-of-command when deviations occur and participate in determining any corrective action.

#### **5.8.2.2 Financial Services**

The responsibilities of the PMC are to:

- Provide advice to the PM on all matters pertaining to finance;
- Ensure that functional direction from Assistant Deputy Minister (Finance) (ADM(Fin)) is properly carried out within the PMO and that adequate financial controls are implemented within the applicable financial processes to which the functional direction applies;
- Establish and maintain an appropriate Defence Resource Management Information System (DRMIS) that will ensure financial controls, performance measurement and the availability of reliable, relevant and timely budget, cost, and expenditure information;
- Review, enhance and manage the financial controls and Chart of Accounts selected for administration of project funds;
- Prepare and maintain cost, budget and expenditure information throughout the life of the project;
- Act as the authoritative source of information and data concerning capital costing and cost issues for the project;
- Coordinate project budgets, budget forecasts and other matters related to budgets such as providing advice and assistance to budget managers within the PMO;
- Produce and distribute financial reports within the PMO;
- Provide DRMIS inputs;
- Produce cash-flow forecasts and participate in the periodic DG Proc S cash-flow screenings;
- Prepare cash-line updates as required;
- Monitor scheduled project activities and associated encumbrances, commitments and expenditures. This may include the financial analysis of reports received against contractually imposed contractor performance measurement requirements;
- Alert the PM and the functional chain-of-command when deviations occur and participate in determining any corrective action.

#### **5.8.2.3 Other Responsibilities**

Other responsibilities of the PMC are to:

- Provide supervision, training and discipline for all members of the procurement and finance team;
- Ensure the functional chain-of-command is kept current on project progress and provide timely responses to information requests from the functional chain.

#### **5.8.2.4 Exclusions**

In order to maintain adequate checks and balances within a PMO, PMCs should:

- Not make decisions on behalf of the PM on how project funds will be spent;
- Not authorize payment under Section 33 of the FAA;

- Not manage ILS activities.

#### 5.8.2.5 Additional Services

By mutual agreement of the PM and the Director of the supporting Procurement Directorate, PMCs and their staffs employed in PMOs may be assigned responsibility for some or all of the following, which are not functional responsibilities of ADM(Mat):

- Planning and control activities, including preparation and maintenance of the Project WBS, Organization Breakdown Structure, Responsibility Assignment Matrix and Master Schedule;
- Management of the PMO's Management Information System (MIS);
- Administrative support to the PMO, including:
  - Provision of general clerical services
  - Administration of travel and civilian overtime budgets
  - Preparation and processing of travel claims;
- Personnel administration, including:
  - Advising and making recommendations on all matters pertaining to organization and establishment
  - Ensuring that all functional direction from Assistant Deputy Minister (Personnel) (ADM(Per)) concerning organization and establishment matters is carried out within the PMO
  - Maintaining PMO organization and establishment records
  - Coordinating and submitting all Establishment Change Proposals (ECPs) and acting as the focal point for all organization and establishment reviews and studies, including the annual PMPY requirements review
  - Coordinating the activities associated with obtaining professional services and temporary help
  - Administering military and civilian pay, and ensuring the receipt, custody, and issue of civilian pay cheques;
- Coordination of responses to audit reports.

When more responsibilities are assigned, it may be necessary to establish additional cells under the PMC.

#### 5.8.2.6 Progress Reports

Project progress reports are mandatory for MCPs at key events or as directed by TB. The PM drafts them with input from the project team, including financial and procurement details provided by the project's PMC. Every progress report:

- Contains data fields as required in [TB's Project Management, Annex D](#)  
**Note:** The TB analyst assigned to the MCP will assist the PM in establishing specific format and content requirements.
- Is submitted to TB as a letter signed by the Project Leader and not as a TB Submission
- Is collated by the TB Sec and reported to TB periodically in the form of an aide-memoire prepared by the Secretariat.

**Note:** If an MCP encounters serious difficulties such as potential cost overruns or slippage, a submission is prepared as a matter of priority by DND in consultation with the TB Sec.

[PAG Chapter 2.7.12](#) contains more details on progress reports. Chapters 2-2 and 2-3 describe the MCP reporting policy.

#### **5.8.2.7 Audits**

MCPs are routinely audited early in the project life and at least once by either the CRS or the Auditor General. PMC may be required to provide financial and/or procurement records for project audits.

### **5.8.3 Repair and Overhaul (R&O) Contracts: Support Services provided to PAs Managing R&O Contract**

#### **Aim**

1. To outline the services provided by the Directorate of Quality Assurance (DQA) Materiel Management section to EPMs/EPs Supply Managers within the NICP, and Procurement Authorities (PAs) associated with Repair and Overhaul Contracts

#### **General**

2. The DQA Materiel Management section, a Section under DQA/DGMSSC, is responsible for managing R&O activities for ADM(Mat) Equipment Program Management/Equipment Program Services (EPM/EPs) Divisions. Their role and responsibilities are outlined, in part, in MMI 1500, the instruction covering the R&O of centrally managed materiel, and numerous other instructions and guidelines contained in the Procurement Administrative Manual (PAM), [A-LM-184-001/JS-001](#) Special Instructions – Repair and Overhaul Contractors, etc. References A and B refer.

3. Procurement Authorities (PA) involved in R&O contracts are required to liaise closely with [DQA Repair & Overhaul \(R&O\) Support Services section](#) in the conduct of procurement and contract management activities as it pertains to the management of selected repairable items, or materiel loaned, to industry. It is paramount that [DQA R&O Support Services section](#), along with the applicable Supply Managers, Life Cycle Materiel Managers (LCMM), [Director General Materiel Systems and Supply Chain \(DGMSSC\) / Directorate of Quality Assurance - Loans \(DQA - Loans\)](#) and Quality Assurance Representative (QAR) staff are kept abreast, ahead of time, of any changes that could be made to R&O contracts (i.e. extension of contract, contract termination, delay in processing repairable items, stocktaking schedule activities, et al). Any breach in communication between the above-mentioned stakeholders could have significant impact on the department's in-service operations, both the Crown and Industry's contractual and financial obligations, as well as to seriously impede on our ability to apply prudence and probity in the management of our assigned duties and responsibilities.

4. The following list of activities (not exhaustive), and process, are performed and managed by the EPM/EPs/R&O Support Services Section for repairable items that are "Selected" to Repair Materiel Accounts (RMAs):

a) Upon award of a repair contract, or a Service Level Agreement (SLA), to industry for the repair and maintenance of DND repairable items, [DQA R&O Support Services section](#) will:

1. On receipt of a copy of a R&O contract, an RMA form and an approved Procurement Administration List (PAL) Report from the PA/TA, open an RMA account in the DRMIS. The expiry date on the contract/SLA (excluding option years) will be used as the date on which the Forward Purchase Agreement (FPA) will expire, unless they are provided with a contract/SLA amendment or a new contract/SLA with the same facility to extend the expiry date;
2. Create a FPA against the RMA to allow items identified on the PAL to be automatically shipped;
3. Open a Contract Repair Parts Account (CRPA), if applicable, and RSA when identified by PA on the Open RMA form and create the 170/210 records for the initial load of CIS. In order to open a CRPA account, the R&O contract must specifically contain the requirement for the Crown to supply/provide Contract Issue Spares (CIS) as well a list of all the parts to be supplied by stock code;

**Note:** On a case-by-case and/or on an exceptional basis, DQA Materiel Management section will allocate a RMA, RSA, and as required a CRPA to DGMEPM/D Mar P 3 upon request for a Ship Refit Contract requirement prior to contract award. The approval of these accounts will be under the strick condition that DGMEPM/D Mar P 3 will provide DQA Materiel Management section all of the information required to allow the establishment of the above-mentioned accounts and to managed these accounts thereafter in accordance with supply discipline outlined in MMI 1500 and as specified here under at sub-paragraph 4 a) iv.

4. Send a notification to the PA when the FPA expiry date is 6 months away, so that the PA will have time to renew/amend the contract. Amend the FPA expiry date on receipt of the new/amended contract;

**Note:** It is the responsibility of the PA to ensure that RMAs/CRPAs assigned to contracts are reviewed, investigated as required, physical and automated stock records reconciled in conducting contract file closure activities in accordance with PAM Section 6.6. DQA Materiel Management section will send a hastener to the applicable Divisional Procurement Director, with a copy to DMPP 4-4, 60 days post-contract-expiry date to request status of action taken to close the applicable RMA/CRPA. Divisional Procurement Directors will be requested to provide an activity chart and a corresponding time table to ensure that action is taken timely and responsibly.

5. Create a SPIN when requested on RMA form; and
6. Maintain files, records, reports within the DRMIS for all major equipment and centrally managed spares DRMIS, which are identified, as "Repairable" held at various locations

**Note:** All Major Equipment and centrally managed spares which are identified as "Repairable" will be moved to the repair line using one of these three (3) repair procedures.



- a. Automatic Repair Procedure that is selected to a repair line (Selected (Free-Flow) 3rd line Repair Code B, Selected (Free flow) 2nd Line RMF and 3rd line Repair Code N, Selected (Free flow) 2nd line Base workshop and 3rd line Repair Code F )
- b. Manual Repair Procedure (non selected- RMR or SRR)
- c. Major Equipment Procedure, Equipment Movement Order (EMO), soon to be done within DRMIS.

b) Procurement Administration List (PAL) Report

1. The supply manager, in consultation with the LCMM, will complete a PAL report, which will include the MRC, a two-year forecast and the repair facility. When the PAL is complete the supply manager will send it for approval to the LCMM and PA. The supply manager will then forward the approved PAL Materiel Management section (at [+Repair & Overhaul@ADM\(Mat\) DQA@Ottawa-Hull](mailto:+Repair%20&%20Overhaul@ADM(Mat)%20DQA@Ottawa-Hull)) who will make the changes in DRMIS. Approval signatures are not required on the PAL Report if the trail of emails accompanying it shows that the SM, LCMM and PA/Tasking Authority have all agreed to the updates.

On receipt of the approved PAL, DQA Materiel Management section will verify that the contract has a start and end date and delivery address; complete the DRMIS action as requested; create the MSO170 and 210 records for the initial load \* of CIS in the CRPA , create a Forward Purchase Agreement (FPA) and a Warehouse record against the RMA to allow selected items identified on the PAL to be shipped automatically. The expiry date of the contract will be the same as the expiry date of the FPA. DQA Materiel Management section will send the PA a reminder, 6 months before the contract expires, to set a new contract date. If a new date is not received the FPA will expire and automatic shipments to the RMA will no longer be allowed in the DRMIS.

2. Prepare amendments to Selection Notice and Priority Summary (SNAPS), distribute and file Selection Notice Amendment Lists (SNALs) for all PAs.

c) Selection Notice Observation Messages (SNOM). Respond to Supply Managers' request to amend the Master Selection List (MSL) to reflect a change in forecasted repairs, MRCs etc. and initiate action to issue a SNAL to the various addressees including the applicable PA.

d) Store Removal Request (SRR). Process Stores Removal Requests (SRR). A message is raised informing the base/station/depot to send the item to the RMA selected.

e) Repairable Materiel Request (RMR). Establish and maintain a database to control RMRs within the directorate as per SOP No. 2-12 , and review, process and file RMR's for all PAs. The RMR is approved and sent to the unit with shipping instructions to the RMA selected.

f) Selection Notice Amendment List (SNAL). When changes are made to the MSL data, during the month by means of an AD HOC or Annual PAL report, DQA Materiel Management section will indicate these changes on a SNAL message back to SM and Repair Facility (or QAR sup



tech, OCR) that will follow the same distribution as the SNAPS. The SNAL information will be automatically included in the next monthly SNAPS report.

g) FMS Case:

1. Process items selected against Foreign Military Sales R&O contracts.
2. Raise message to base with shipping instructions.

h) Special Instructions (SPINS). SPINS provide R&D Sections and Repair Facilities special and supplementary information such as direction for shipping or procedure notifications. SPINS are currently limited to one per stock code.

The SM and LCMM create the [SPINS](#). DQA Materiel Management section is responsible to maintain a website where all the SPINS are registered and viewable by all DRMIS users.

i) Maintain Auto Order Flag (AOF). When set as <Y> the AOF will permit the automated creation of a Repair Order, due in against the RMA, if the stock code is selected. The AOF shall be set as <N> for all Non Selected Stock codes or where a SPIN exists. When set as <N> the process is automatically stopped at the time the Repair request is created and a message will be displayed to use the RMR or to verify the SPIN

5. The following is a list of activities and process, performed by the [DQA R&O Support](#) for stock that is "Not Selected" to an RMA:

a) Store Removal Request (SRR). On receipt of the SRR, DQA Materiel Management section will take the RR number provided and finalize the Repair Request, and generate a Repair Order and waybill for shipment to the Repair facility. Reply to the District email with a copy to the SM and Repair Facility (or QAR sup tech, OCR) to provide the Repair Order number and shipping instructions.

b) Repairable Materiel Request (RMR). The RMR process will be triggered in DRMIS when:

- A stock code with a repair code G or L is deemed to be beyond the repair capability of the 2nd line facility and the Repair Reserve flag is set to <N> and the RPC is not <P>;
- A stock code with repair codes B, F, N which are not selected

After the LCMM and PA authorise the repair, the SM will forward the approved RMR email chain to the DQA Materiel Management section (at [+Repair & Overhaul@ADM\(Mat\) DQA@Ottawa-Hull](mailto:+Repair & Overhaul@ADM(Mat) DQA@Ottawa-Hull)), to finalize the RMR, include the RMR Repair Request # in the subject line. Do not notify the base. The DQA Materiel Management section will notify them when action has been completed. (See Notes 1 and 2).

The DQA Materiel Management section will finalize the RMR and forward the RMR email chain to district R&D, info to the appropriate QAR, OCR or RMF, with the Purchase Order (PO) number and DRMIS Waybill Number.

**Notes:**

1: It is a good business practice, when three or more RMRs have been received on a stock code and sent for 3rd line repair, that the SM and LCMM review the repair history of that stock code and consider selecting the item to the automatic repair process.

2: Only an RMR, which will result, in a repair to a 2nd line RMF or 3rd line repair facility will be finalized and information contained in the RMR template archived. All other actions such as place in Repairable Reserve, surplus, scrap, and cancel are deleted once the action is completed at the originating R&D warehouse. Because of this, it is mandatory that the SM keep a hard copy of the template in the file for audit purpose, or save an electronic copy of the RMR using the Visual R&O WQT. Establish and maintain a database to control RMRs, and review, process and file RMR's for all PAs.

## 6. References

A. MMI 1500

B. [A-LM-184-001/JS-001](#)

### 5.8.4 R&O Stocktaking: Summary Investigations - R&O Contractors

#### Aim

1. The aim of this section is to clarify the various responsibilities, rules, regulations and procedures of Procurement Authorities (PAs) with respect to loss or damage to DND materiel while in transit to or from, or in the custody of R&O contractors. This instruction provides guidance to PAs in carrying out follow-up action as a result of the stocktaking process contained in Reference C, or investigation conducted on the loss or damage to DND-owned materiel held at contractors' plant.

#### Loss or Damage of Materiel in Transit

2. Materiel is shipped between DND facilities and Repair and Overhaul (R&O) contractors in accordance with the procedures outlined under SACC Clause D0037C Shipping Instructions (DND) - Canadian-based Contractor, or SACC Clause D0035C Shipping Instructions (DND) - Foreign-based Contractors issued under the authority of CANOSCOM CMSG. When materiel is lost or damaged while in transit to or from an R&O contractor, it is the responsibility of the Base, Depot or Quality Assurance Representative (QAR) as applicable to initiate tracing or recovery action in accordance with [A-LM-158 Volume 4 Chapter 5](#) paragraphs 514 and 516 respectively.

#### Stocktaking - Deficiencies

3. The physical custody and control of DND spares or items held/used by R&O contractors is the responsibility of the Contractor. As per reference C, R&O contractors are required to perform a 100 percent manual stocktaking of CIS, GFOS, AAS and Loaned equipment at least once every two years.

4. DND or PSPC may also request stocktaking to be performed as a result of:

a) closing down of the activity;

- b) termination of the applicable Contract(s); or
- c) any event, or series of events, which, in the opinion of the respective Ministers, warrants such action.

5. The QAR is responsible for:

- a) verifying the Contractor's supply operations to ensure that the required stocktaking is carried out;
- b) providing guidance and advice to the Contractor with respect to stocktaking as required;
- c) performing random stock checks of CIS, GFOS, AAS;
- d) maintaining a record of the Contractor's stocktaking status;
- e) submitting stocktaking reports as required, through the chain of command, to NDHQ;
- f) conducting Summary Investigations when necessary upon request (see para 12), and;
- g) submitting stocktaking reports/summary investigations to NDHQ Directorate Quality Assurance (DQA) and PA) when required.

7. In accordance with Ref G, and further to [DAOD 1006-1](#), and A-FN-100-002/AG-006, approval of CF152 for materiel write-offs will be signed off by the applicable Equipment Program Manager (EPM)/Equipment Program Services (EPS) Director General to authorize "actual value" write-off of shortages disclosed by AAS, CIS or GFOS stocktaking. It should be noted that "netting" (i.e., subtraction of deficiencies against surplus) is not permitted

8. When a stocktaking write-off report is forwarded to the PA for reasons stated in para 7; the PA will coordinate the review and will either initiate recovery action through PSPC (see sample at [Annex A](#)) or return the file to the CO of the QAR with write-off concurrence. Write off concurrence letters to the CO of the QAR must be signed off at the Divisional Procurement Director level or, as applicable, at the Section Head level.

9. PAs shall receive stocktaking reports/recommendations from the QAR and shall act as a controlling agency for necessary action in a timely manner. The PA is responsible for:

- a) reviewing the submission;
- b) determining if recovery action is to be pursued;
- c) requesting DQA input as necessary;
- d) determining with the PSPC contracting officer and, if necessary DND Legal Services, the appropriate steps for recovery action; and
- e) initiating necessary recovery action through PSPC, and advising all concerned of action taken.

**Note:** Letters initiating recovery action shall be signed off at the Divisional Procurement Director level or, as applicable, at the Section Head level. (See sample letter at Annex A.)

10. The Procurement Authority is responsible to follow up with PSPC with respect to the recovery action. The QAR shall be advised of the final action taken.

### **Loss or Damage**

11. This section refers to loss or damage of materiel at a civilian contractor's facility due to accident, neglect, theft, fire, flood, explosion or similar occurrence. Ref F details action to be taken in these instances. Ref F, however, does not apply to stocktaking shortages which have been covered at paragraphs 3 through 10.

### **Summary Investigations**

12. If a Summary Investigation is ordered and conducted as a result of loss or damage, or a stocktaking review, it shall be processed as follows:

- a) CO/QAR will submit the Summary Investigation with their recommendations, directly to the PA.
- b) The PA will review the Summary Investigation with input from PSPC, DND Legal Services, and/or DQA as required.
- c) If recovery action is warranted, the PA will initiate action through PSPC. (Sample letters IAW [Annex A](#), shall be signed off at Section Head level.)
- d) If write-off is recommended, and the value exceeds the financial limitation of the Director General, the PA will prepare a memorandum for ADM (MAT)'s signature with an info copy to DQA (see samples at [Annex B](#) and [Annex C](#)). The PA will also prepare the necessary concurrence/ transmittal memos for staffing to ADM (MAT) through the chain of command.

13. If recovery action is requested through PSPC as a result of a Summary Investigation, the PA will be required to retain the Summary Investigation Temporary Docket (TD) until such time that PSPC confirms that recovery action has been taken. At that time, the TD must be forwarded to ADM (MAT) advising of action taken or, if applicable, requesting partial write-off, as per paragraph 12.

### **References:**

14. This section mentions the following references:

- A. [DAOD 7002-0](#) Board of Inquiry Summary Investigation
- B. [DAOD 1006-1](#) (Write-Off of Materiel)
- C. [A-LM-184-001/JS-001](#), Part 6
- D. CFSM, Volume 3, Chapter 9, Materiel Adjustment
- E. Delegation of Authority for Financial Administration A-FN-100-002/AG-006
- F. QR&O Chapter 36, Article 36.10
- G. [7000-1 \(DGMSSC\) letter dated 7 Oct 2008](#)

### **5.8.5 R&O Contracts: Customs and Excise**

#### **Purpose**

1. This section provides guidance regarding Customs and Excise requirements that are applicable to Repair and Overhaul (R&O) contracts dealing with DND equipment that cross international borders.

#### **Scope**

2. This section must be read in conjunction with instructions in A-LM-158-004/AG-001 (currently under review), Chapter 14 Customs.

#### **Introduction**

3. R&O contracts may involve the movement of equipment from Canada to several countries around the world, or between foreign countries. While most of the out-of-country R&O contractors reside in the United States of America, there are however R&O contracts with Germany, the United Kingdom, Switzerland, Italy, Sweden, France and other countries. As a result, there may be a requirement to move DND equipment and materiel to and from foreign countries. The movement of repairable materiel in and out of country is an important undertaking and requires careful planning, monitoring and control to ensure a timely turn-around of equipment from repair sites.

#### **Import Shipments**

4. The consignee (DND) is responsible for clearing all DND materiel inbound shipments to Canada with Customs. SACC Clauses C2608C, C2610C and D0035C are standard clauses that cover the requirements for Canadian Customs Documentation and Customs Duties when DND is the importer and the contract value is greater than \$250,000. There could be other clauses applicable to specific requirements, and in case of doubt, Procurement Authorities (PAs) are strongly suggested to liaise with CANOSCOM CMSG Customs Manager for assistance and guidance.

#### **Export Shipments**

5. All shipments that are consigned to R&O contractors, or sub-contractors located outside Canada must be fully supported by the appropriate customs documentation. The responsibility for preparing the necessary customs forms rests with the consignor, either DND or the prime contractor.

6. Customs brokers must not be employed unless NDHQ specifically authorizes such action.

#### **Shipment of Controlled Goods**

7. Since R&O activities may also require the shipment of Controlled, PAs should be familiar with some of the requirements associated with controlled goods to ensure that all factors, such as but not limited to specific licensing agreements, third country restrictions, etc, have been

carefully considered in their R&O contract planning phase. To this end, the Controlled Technology Access and Transfer ([CTAT](#)) Office can be of assistance.

### **5.8.6 R&O Contracts: Loan of DND Materiel to R&O Contractors (excluding CIS, GFOS and AAS)**

#### **Aim**

1. To provide guidance to ADM(Mat) personnel in the management process for loan requests of DND materiel from Contractors who are engaged in Repair and Overhaul (R&O) contract activities, and who are qualified to apply for a loan of DND materiel.

#### **General**

2. The materiel resources of DND have been provided for defence purposes and their diversion to other tasks must be prompted by necessity and be utilized in the public interest.

3. DND is not bound to provide materiel on loan to R&O Contractors unless there is a contractual obligation to do so and/or the loan would be in the best interest of DND. Requests for loan of materiel by Contractors are to be submitted during the contract bid solicitation process.

4. Materiel assistance will not normally be provided to Contractors if it:

- a) would seriously disrupt military training and operations;
  - b) could be subject to misuse or depreciation;
  - c) necessitates unwarranted expenditure of defence funds such as but not limited to cost associated to transportation, materiel handling, packaging, etc;
  - d) is reasonably available from commercial sources or other facilities; or
  - e) creates an unfair advantage for any Contractor.
5. Loans may be made to Contractors when the loan is necessary for the execution of a contract, or would otherwise be in the best interest of the Government. The Disposal, Sales, Artefacts and Loans (DSAL) is the authority to approve only the outward loan requests related to DND contracts.
6. Unless specifically authorized, consumable materiel (Contract Issue Spares (CIS), Government Furnished Overhaul Spares (GFOS) and Accountable Advanced Spares (AAS)) will not be loaned nor will materiel be loaned for the purpose of being built into or incorporated into equipment being produced, nor for any purpose which would prevent the materiel from being returned in substantially the same condition as when loaned, subject to fair wear and tear.

#### **Types of Loans**

7. There are two types of loans: Outward Loans and Inwards loans. Outward Loans are loans from DND to agencies outside the department; and Inward Loans are loans to DND from agencies outside the Department. The details of each type of loan are explained at References A and B. For the purpose of this instruction, Outward Loans is only applicable to contractors solely in support to DND R&O contracts, and not to foreign government and industry for marketing purposes. Outward Loans to foreign government and industry for marketing purposes is the responsibility of the [Director General International and Industry Programs \(DGIIP\)](#).

### **Categories of Loans**

8. The definition of the categories of loans is provided for information with the understanding that R&O contracts would normally contain requirements for category 1 loans only. The three categories of loans are as follows:

a) Category 1 loans: include machine tools, special tools, test equipment, tooling and ground handling equipment, but not the following:

- i. consumable materials;
- ii. prototypes;
- iii. sealed samples;
- iv. models; or
- v. equipment for catering Contractors.

b) Category 2 loans: include prototypes, sealed samples and models, but not the following:

- i. machine tools;
- ii. special tools;
- iii. test equipment;
- iv. tooling;
- v. ground handling equipment; or
- vi. equipment for catering Contractors.

c) Category 3 loans: include equipment to be used for food services contracts.

### **Procedures - Category 1 Loans**

9. Requests for Category 1 loans will be submitted by the Contractor to the Procurement Authority (PA). After careful review of the Loan Agreement form, the PA, in consultation with the Life Cycle Material Manager (LCMM), will determine if the loan is supported or not, based on the

criteria listed at paragraph 4 above. If the loan is supported, the PA will submit a loan request to DSAL 3 in accordance with Reference A. The PA is responsible to assist Contractors with their application and to maintain a record of loans for each applicable Contractor.

If the loan is not supported, the PA will provide the contractor with justification. Acceptable justification for not supporting a loan request is listed in paragraph 4 above

10. When the loaned materiel is no longer required, the Contractor will advise the Procurement Authority in writing that he wishes to return the materiel with a copy sent to the QAR. The Contractor must include a description of the items and the identification number/Stock Code. The PA will determine where to return the materiel. Upon receipt of information from the PA/QAR on where to return the materiel, DSAL 3 will initiate a DSAL return notice to the Contractor with copies to the PA/LCMM/QAR, and applicable supply account holders.

11. The Contractor must check the equipment for condition and quantity, and prepare it for return.

12. Upon termination of the loan, all the materiel shall be returned in accordance with Reference A.

### **Conditions - Category 1 Loans**

13. When Contractors request for materiel of Category 1 loan, such loans are subject to the following specific conditions:

- a) Exercise care in the use of DND equipment in their custody.
- b) The Contractor shall take reasonable and proper care of the equipment at their own expense, including the maintenance and calibration in accordance with DND and or Original Equipment Manufacturer's standards (to be provided upon request) during the term of the loan and shall be responsible for any loss or damage resulting from its failure to do so other than loss or damage caused by fire or by ordinary wear and tear.
- c) If the Contractor is advised that the loaned materiel includes controlled goods, then pursuant to the Defence Production Act, access to these controlled goods is only permitted to persons or firms that are either registered, or exempt from registration, under the Controlled Goods Registration Program (CGRP). Therefore, the Contractor must demonstrate compliance to the CGRP before the equipment may be provided on loan.
- d) Maintain a suitable inventory system, including marking and location, for DND equipment.
- e) The Contractor shall ensure that each item of equipment is clearly identified as the property of the Government of Canada. In addition, the Contractor shall ensure that each item of equipment is, at all times, either tagged or labeled with a clearly visible identification number corresponding to that shown on the issue document issued in respect thereof; and shall be responsible for making any changes in that number that may be notified from time to time by DND. Cost incurred to re-label loaned equipment will be in accordance with PART 9 of Reference C.



- f) The loaned materiel remains the property of DND and will be recorded in DND records as being on loan to the Contractor, who must be responsible for its control and management.
- g) Materiel on loan may be recalled at any time by DND without penalty.
- h) Unless specifically renewed, materiel must be returned upon termination of the applicable contract and the loan account must be cleared.
- i) No rental costs will be charged for, unless stipulated as a condition of the loan.
- j) The Contractor's responsibility for the safekeeping and return of loaned materiel will be determined by the Department, who will also make and collect any claims against the Contractor, or third parties, for loss or damage during the tenure of the loan.
- i) DND will not be responsible for loss or damage caused by the loaned materiel or which may otherwise result from the loan.

### **Loan Agreement**

14. Contractors must enter into the loan agreement using the category 1 loan request forms available from DSAL 3.

### **Maintenance**

15. Materiel loaned to a Contractors under a Category 1 are subject to the following maintenance by the Contractor:

- a) Maintain a suitable inventory control system, including marking and location, for DND equipment as well as periodically conducting the verification of items on loan.
- b) Exercise care in the use of DND equipment in their custody.
- c) Be responsible for carrying out normal maintenance on the equipment, including but not limited to the calibration of equipment in accordance with DND standards
- d) When the equipment becomes unserviceable because of normal wear and tear, repair it using DND-owned spares.
- e) Prepare and submit a service charge work order to the PA in accordance with Reference C for approval with info copy to the QAR; and use the work order to support payment for labour charges.
- f) Charge the repair costs in accordance with the terms of the contract.

16. If repair cannot be undertaken because of a major breakdown or the necessity for overhaul, the Contractor must request the PA to terminate the loan of the asset and arrange for a replacement if

necessary.

17. Repairs which may be required as a result of damage attributable to the contractor must not be charged to DND. If the equipment is damaged beyond repair, the PA will liaise with DSAL 3 to determine a course of action for cost recovery.

18. DND is responsible for incorporating DND modifications of materiel on loan. The principles applicable to repair of the materiel on loan, as shown in paragraphs 15 and 16 will also apply to the modification.

### **Withdrawal of Components of DND-Owned Equipment**

19. There may be instances where the Contractor may request the use of CIS, GFOS and AAS required in the execution of Repair and Overhaul contract for commercial work, PAs are to action any such request as per [Annex A](#) attached to this instruction.

### **References**

20. The text above mentions to the following references:

- A. [CFAO 36-30](#) - Loans of materiel by and to DND
- B. [CFSM](#), Vol 3, Chap 14 - Loans
- C. [A-LM-184-001/JS-001](#)

### **5.8.7 Repair & Overhaul (R&O): Canadian Forces Supply Depot / Out Of Country Repair Section**

#### **AIM**

1. To address the Canadian Forces Supply Depot Out-of-Country Repair Section (CFSD/OCRS) involvement with materiel sent outside of Canada to be Repaired and or Overhauled (R&O).

#### **PURPOSE**

2. To provide insight to Procurement Authorities (PA) into what their R&O contractor's are responsible to provide the CFSD/OCRS to manage materiel accountability.

#### **POLICY**

3. All repairable materiel shipped to an R&O facility outside Canada, including Foreign Military Sale cases (FMS), needs to be tracked/processed/accounted for through the CFSD/OCRS at either the Montreal or Edmonton Depots (25 or 7 CFSD).

The PA is responsible to identify, in the Out-of-Country Log SOW for Free Flow, which Supply Depot / OCR Section that the Contractor's RMA will be assigned against and where the returning materiel will be returned to/through.

**NOTE:** It is the PA's responsibility to forward a copy of the R&O contract to the designated CFSD/OCRS section along with a copy of the SNAPs report.

## **MATERIEL RECEIPT**

4. Supply/Movement sections are responsible to raise the necessary documentation (customs / transportation / adherence to ITAR and classified materiel protocol) to move materiel outside Canada directly to the contractor's facility.

**NOTE:** Materiel being sent to a FMS (case) contract requires a "Turn In Letter" (TIL) in advance of the materiel being shipped.

The PA is to ensure that the requirement for a TIL is articulated in the SPIN (Special Instruction)

5. The contractor is obligated to provide, in writing, confirmation to the CFSD/OCRS of the receipt of materiel. This is done by the contractor signing the "Repairable Item Dispatch Advice" (received with the materiel), adding their work order number and faxing (or scanning & emailing) it to the CFSD/OCRS point of contact as identified in the Log SOW. Any discrepancy with, or damage to, the shipment is to be reported to the PA.

**NOTE:** key information required by the CFSD/OCRS to perform materiel control is the RMA, Order # (Repairable Item Dispatch Advice), stock code, item name, qty, and the contractor's work order #

6. The CFSD/OCRS will perform the function of entering receipt of materiel / work orders / updating materiel status / establishing dues in/out in Supply System as necessary.

**NOTE:** responsibility for moving materiel between a prime contractor and a sub-contractor, whether outside or inside Canada, rests with the prime contractor.

## **MATERIEL SHIPMENT**

7. The contractor is required to contact Inbound Logistic 10 days before the repairable/materiel is available for shipment. Once the contractor has received the shipping details from Inbound Logistics he is to provide CFSD/OCRS, in writing, their RMA, the order # ("repair item dispatch advice"), stock code, qty, and contractor's work order # and waybill of the materiel ready to be returned to DND.

**NOTE:** if the contractor fails to provide all pertinent information to the CFSD/OCRS to clear the materiel off RMA their account, it will, at a latter date, result in an investigation to establish what happen to the materiel.

8. The return of materiel is to be through the designated Supply Depot IAW the contract. Any deviation (i.e. in satisfaction of a high priority demand) is to be done through the PA who will arrange with the CFSD/OCRS to have the dues-in changed and custom documentation forwarded to the new consignee.

## **FOLLOW-ON ACTION**

9. The PA should, as part of their Progress Review Meeting (PRM) / visit, have the receipt & shipment of materiel as a standing agenda item to ensure compliance.

## **5.9 Control and Update the Procurement Plan**

The procurement plan details are based on current information available. The procurement plan is a living document, which the PA amends as new information becomes available, until contract closeout.

### **5.9.1 Progression of the Procurement**

As the planned procurement progresses, the PA's responsibilities are to:

- Validate and update the procurement milestones identified in the procurement plan ([PAM 3.1.4](#));
- Maintain procurement milestone information in CID, and DRMIS;
- Validate and update the procurement strategy ([PAM 3.1.1](#)), the pricing strategy/basis of payment ([PAM 3.1.2](#)) and the method of payment ([PAM 3.1.3](#)) identified in the procurement plan.

### **5.9.2 Procurement Risk Occurs**

In the event that a procurement risk occurs, the PA's responsibilities are to:

- Take required action as identified in the procurement risk management plan ([PAM 3.1.5](#));
- Work with the CA, TA, and other OPIs to establish the best course of action if the realized risk was not identified in the risk management plan;
- Update the procurement plan based on what has occurred.

## **5.10 DRMIS Supply Activities in Support of the Contract**

Warning:

The use of the Materiel Management (MM) module in DRMIS is mandatory for all procurement of materiel which will be held in inventory/accounted for in the materiel management system of record (see SAM, [chapter 3.1](#), part 2).

When procuring any material that will be held within the inventory, the PA must ensure that:

1. The material is identified either with a NATO stock number (NSN) or with a Permanent System Control Number (PSCN) that is assigned through the Canadian Government Cataloguing System (CGCS); and
2. Dues-in are established in the DRMIS.
3. The appropriate Account Assignment Code is used (see SAM [chapter 3.1](#) - Account Assignment Table Code for information on the choice of account assignment).

### 5.10.1 Identifying Materiel

The PA shall confirm, by referring to the DRMIS - MMR Display, that the materiel has been identified with a stock number.

If the materiel has not been identified, the PA must ask the TA, who is responsible for the equipment or materiel, to prepare the request for materiel identification. (See [Materiel Identification \(MI\)](#) for detailed instructions.)

### 5.10.2 Establishing Dues-in

Once the material has been identified, the PA/SM can proceed to create the procurement document in DRMIS MM which will automatically established the dues-in.

The importance of establishing dues-in to the supply system is two-fold:

- allows for the material to be receipted on-line;
- provides an audit trail of the procurement process leading to the final payment (See [PAM 5.6](#) and [SAM 3.1, part 2](#)).

### 5.10.3 Establishing Reservations

The TA must establish reservations for any project that needs to reserve materiel held in inventory for the exclusive use of the project.

Materiel needed for projects or contingency plans may be reserved through DRMIS. The process typically begins with an engineering change or major supply refit supply list. The PA is responsible for creating and maintaining the process.

Project Reservations fall into two categories, depending on the nature of the requirement and the degree of control required:

1. Project Stock Reservations: This category covers reservations for materiel to support projects originating at NDHQ, CHQ or base levels.
2. Contingency Stock Reservations: This category covers materiel required to meet NDHQ- or CHQ- approved contingency plans (for example: territorial sovereignty, internal security, aid-to-civil power or standby for NATO or United Nations operations). Issue or release of materiel occurs according to the directions of the approving authority.

The Procurement Authority should create a reservation for the following situations:

1. To fill complex materiel requirements involving reserving and procuring many items over a period of time. This could include ensuring the scheduled, coordinated delivery of spare parts, tools and related items to a number of locations for a new piece of equipment, over the entire time the equipment is in-service;
2. To track project materiel for accounting purposes;
3. For Contingency plans; or

4. For unforecasted receipts (refer to the [Supply Administration Manual](#) (SAM), section 3.1, part 2 and section 5.1, part 2.10, Commercial Receipts.

## **5.11 Security**

If for urgent reasons the contractor must begin the work and the required security clearances are pending, the direction in [PAM 1.7.3.5](#) will be followed.

## **5.12 Management of the Procurement File**

The PA is responsible to:

- Ensure that all the documents associated with the requirement/procurement are filed in the procurement file;
- Maintain the procurement file(s) in an orderly manner.

### **5.12.1 File Content Format**

Inside the file folder, the documents should be attached, with fasteners or a similar product. The documents must be filed as and where indicated in [PAM 3.4.3](#).

### **5.12.2 File Content Format for Larger Requirements**

Many procurement file folders can be used for larger and more complex requirement / procurement. Each procurement file folder will bear the same file number but a different volume number.

An example is provided in [PAM 3.4.4](#).

### **5.12.3 File Management**

- File Size: Files cannot be more than 1.5 inches thick when archived. This limit is to be used when determining whether to create subsequent volumes.
- Retention Period: The PA must retain the procurement file for a period of no longer than 6 months after the end of the fiscal year in which it is closed. This includes files for procurement in support of Capital projects.
- File closure: [PAM 6.0](#) explains the process for closing and archiving files.

### **5.12.4 Basic Support Documents**

The basic support documents:

- provide summaries and details of procurement actions throughout the life of the requirement;
- facilitate procurement decisions and audits that may be required throughout the life of the procurement and upon its completion;
- can range from very simple spreadsheets to a specialized database depending on the complexity of the procurement.

The PA is responsible for:

- creating and maintaining all basic support documents in the procurement file;

The basic support documents include:

- Requisition Summary Sheet: refer to [PAM 3.4.5.1](#)
- Contract Summary Sheet: refer to [PAM 3.4.5.2](#)
- Contract Tracking Document: refer to [PAM 3.4.7](#)
- consulting local instructions for any additional summary documents required.

### **5.13 Guidance for the management of contract involving subcontract activities**

In the case of contracts involving significant subcontracting activities, the contract may specify that invoices or progress claims be accompanied by supporting subcontract information.

In such cases, the PA is responsible to:

- ensure that the subcontract information listed in the contract and that must accompany the invoice/progress claim is received;
- advise the prime contractor if any subcontract information is missing.

The PA shall:

- not put DND in a position where it acts as a party to the subcontract(s);
- not contact the subcontractor(s). The prime contractor is responsible to contact their subcontractor(s);
- not manage the subcontract(s). The prime contractor, which is a party in the contract with PSPC, is responsible to manage their subcontract(s);
- not pay the subcontractor(s) directly.

## 6.0 CLOSE PROCUREMENT

### 6.1 Close out the Requirement

This process is used to close all forms of contracts, including call-ups against standing offers and Purchase Orders (PO).

The PA's responsibilities in the contract close out process are to:

- a) Ensure that all the goods and services have been received in accordance with the contract's Statement of Work (SOW) and/or list of deliverables (LOD). If some goods or services are outstanding and an agreement exists between DND and the contractor that the remaining ones will not be delivered, refer to step (e) below.
- b) Ensure that all invoices have been received, processed and paid through DRMIS.
- c) Ensure that all holdbacks have been released to the company, unless instructed otherwise by PSPC.
- d) Ensure that all the payments (invoices and holdbacks) paid to the company are listed in a [Record of Payment Form](#). Do not include GST/HST. Add up the amounts and insert a form in each procurement/contract file.
- e) Ensure the accuracy of the expenditure level on the contractual documents.

#### Single PSPC contract against a DND requisition:

Ensure that the value of the requisition (or the latest amendment made to the requisition) equals the final expenditure level of the contract (total amount of all the payments). If not:

- Prepare a final amendment to the requisition in order to adjust the value to the final expenditure level of the contract;
- Send the amendment to PSPC (see [PAM 3.3.11](#));

First paragraph in description block should read as follows:

Amendment number \_\_\_\_ is raised to decrease the level of funding from \$\_\_\_\_\_ by \$\_\_\_\_\_ to the actual expenditure level of \$\_\_\_\_\_. This contract is now considered closed and complete.

- File the final PSPC contract amendment upon receipt.

#### Multiple PSPC contracts against a DND requisition:

- For each contract, ensure that the total amount of all the payments equals the contract value. If not:
  - Prepare an amendment to the requisition in order to adjust the value of each contract to the final expenditure level of these contracts (total amount of all the payments);
  - Send the amendment to PSPC (see [PAM 3.3.11](#)).



- Ensure that the value of the requisition, or the latest amendment made to the requisition, equals the final expenditure level of all the contracts. If not:
  - Prepare a final amendment to the requisition in order to adjust the value to the final expenditure level of all the contracts;
  - Send the amendment to PSPC (see [PAM 3.3.11](#));
- File the final PSPC contract amendment upon receipt.

### **Contract for which the DND PA is the CA:**

Ensure that the total amount of all the payments equals the total contract value. If not:

- Prepare a final amendment to the contract in order to adjust the value to the final expenditure level of the contract;
- File the final amendment.

f) Using DRMIS, ensure that the fund reservation, the pre-commitment/purchase requisition and the commitment(s)/purchase order(s) are fully consumed (i.e. that the balance available reads 0) and set to complete.

g) Ensure that the final expenditure level (excluding GST/HST) is the same amount on the following documents:

- Pre-commitment/purchase requisition in the financial system;
- Commitment/purchase order (or commitments/purchase orders for multiple PSPC contracts against a DND requisition) in the financial system;
- Total expenditures for all the contracts / the Record of Invoices Form for all contracts;
- Contract value for all the contracts;
- Requisition or the final amendment to the requisition.

h) Ensure that all Government Furnished Equipment (GFE), Government Supply Material (GSM) and Government Furnished Information (GFI) are returned to the Department in accordance to the terms and conditions of the loan agreement (see [SAM 5.12](#)).

When the contractor contacts the PA to arrange for the return of the equipment to DND, the PA is responsible for ensuring that all the terms and conditions stipulated in the loan agreement concerning the return of the loan are respected and actioned.

For centrally managed items, the DND Loan Authority is DQA Loans.

For local items, the loans are locally managed; contact your Local Loan Authority.

The DND Loan Policy OPI is [DMPP 7](#).

Director Quality Assurance (DQA) has a materiel loans section which is responsible for using the Defence Resource Management Information System (DRMIS) to manage Government Furnished Equipment (GFE). For further information, contact the [DQA Loans](#) website or [ContactDQA@forces.gc.ca](mailto:ContactDQA@forces.gc.ca).

- i) Ensure that the lease has been terminated or transferred (if the equipment is to be used by the equipment management team) in the case where the equipment was acquired under a lease.
- j) Ensure that all controlled goods are accounted for. The PA is to conduct an administrative review to ensure that all controlled goods associated with the contract have been either returned to DND or disposed of in accordance with the controlled goods legislation.
- k) Ensure a copy of the DRMIS consumption sheet is on file. This shows exactly how much was expended on each line in the financial system.
- l) Ensure that all warranty claims and claims against the Crown have been settled.
- m) Ensure that required audits have been performed and a copy of the audit report is on file.

## **6.2 Close out the Procurement File**

The main steps in the procurement file close out process are:

- a) Ensure that the close out process of the requirement is completed (PAM 6.1);
- b) Eliminate duplicate documents and e-mails;
- c) Organize the file for archiving: Affix all documents to the file using a fastener (PAM 3.4.3);
- d) Archive / Put Away the file (PAM 6.3).

## **6.3 Archive / Put Away File**

The PA's Responsibilities are to:

- a) Close out the Contract ([PAM 6.1](#));
- b) Close the procurement file ([PAM 6.2](#));

Assistant Deputy Minister (Information Management) (ADM(IM)) is responsible for providing advice and guidance to DND/Canadian Armed Forces (CAF) units with regard to records disposition practices.

All procurement and contracting records must be disposed of in accordance with [ADM\(IM\)'s Records Disposition Instructions](#).

Procurement files must be retained for a certain period of time before disposition. Retention Periods can be found through the [Defence Subject Classification and Disposition System](#).

## 6.4 Capital Projects - Close Project

When an MCP enters the Effective Project Completion stage (E Status), a Project Completion Report (PCR), including an outline of all approved outstanding work remaining on the project, should be drafted and submitted to the TB Secretariat. From this point forward, there is no longer a requirement to submit annual Progress Reports to the TB Secretariat.

The link [Closeout Stage - PM View](#) provide detailed guidance on how to close procurement files within a project.

It is the PA's responsibility to provide the Project Team with all required financial and procurement data as well as summaries needed to finalize the completion reports.

## 6.5 Close Out the Project File Folder

### 6.5.1 Close the project file folder

When the project is completed and closed, the PA may destroy all the documents (and the amendments) listed in [PAM 2.8.1](#) as they are copies of original documents.

The PM is responsible to send the original project's documents listed in PAM 2.8.1 to be archived.

## 6.6 Transfer of Repair Facilities and/or Contract Close-Out

References:

- A. [A-LM-184-001/JS-001](#)
- B. A-LM-505-400/JS-001 (see [DSCO Publications Depot](#))

### Aim

1. This Section provides Repair and Overhaul (R and O) Procurement Authorities (PAs) with guidelines and direction regarding contract close-out activities that will assist them in identifying, planning and monitoring the timely execution of work activities throughout the life-span of their contracts. The aim of this Section is also to provide Supervisors and Senior Procurement Managers with the visibility of the status of each R&O contract under their responsibility, as well as the understanding and appreciation of work activities involved in contract close-out.

NOTE: PAs are to note that the guidelines, process and procedures outlined in this instruction will need to be adapted and particularised to Out-of-Country R&O contracts. A close work relationship will need to be developed with the applicable Out-of-Country Repair Services (OCRS) to ensure that RMA account reconciliation activities are conducted timely before contract close-out and/or transfer activities.

### General

2. This section contains action to be initiated regarding:

- a) Contract Finalization.
  - b) Contract close-out with transfer of work to a new Contractor.
  - c) Contract close-out.
3. Procurement Authorities will be required to complete the attached [Annex A](#) and [Annex B](#) as applicable, and include them with each Procurement Instrument (PI) file involving contract renewals, close-outs and/or transfers.
4. The transfer of individual repairable items between Contractors, where there is no requirement to terminate the applicable contract(s), shall be subject to the normal transfer procedures contained in [A-LM-184-001/JS-001](#). Normal transfers between repair facilities should occur at the end of a contract period and the PSPC/Contracting Authority advised in sufficient time to make workload adjustments for outgoing/incoming Contractor prior to contract/rate negotiations.

### Close-Out Plan

5. Upon termination of a DND R&O contract, as a result of either non-renewal of the contract or cancellation of the existing arrangements, a contract Close-Out Plan shall be prepared by the Procurement Authority to coordinate the activities. In the event that there is more than one Procurement Authority involved, one shall be appointed as OPI.
6. The contract close-out planning team should include, but is not limited to, the following personnel:
- a) Procurement Authority (Chairperson).
  - b) Representation from PSPC.
  - c) Representation from other involved NDHQ staffs (LCMM, DQA, DSAL, DSCO RMA/CRPA Support Services Section and applicable Supply Manager (SM), etc).
  - d) Representation from the QAR having jurisdiction over the Contractor being closed-out.
  - e) Representation from the QAR having jurisdiction over the new Contractor, if applicable.
  - f) Representation from the Contractor(s) involved.

**Note:** Caution must be exercised in the decision making process and the impact of transferring work from one Contractor to another in a competitive contracting environment from that of a negotiated contract shall be carefully analyzed. The fundamental difference resides in the area of basis of payments in a negotiated contract from that submitted under a competitive bidding environment. In the former case, should work be increased by more than 15% of the original negotiated work package, the Contractor could request a new basis of payment be negotiated which would affect new work only. In the latter case, in most circumstances, new work would probably be covered by a better basis of payment. In this case as well as the decisions to add new work must be weighed against market competition parameters, economic climate and

employment conditions, etc. Further analysis would thus be required prior to introducing any sizeable amount of new work to a contract.

7. Meetings shall be arranged with the Contractors involved to work out details on transfer of DND-owned equipment. Prior to meeting with contractors, discussions between Crown representatives are strongly recommended in order to identify and discuss pertinent issues and decide on a common approach to be taken at the Contractors meeting(s) on:

- a) Repairable items in the custody of the Contractor for repair & overhaul, modification, etc.
- b) Spare parts in the custody of the Contractor (CIS, AAS and GFOS).
- c) Tooling and test equipment on loan to the Contractor.
- d) Special Production Tooling (SPT) and Special Test Equipment (STE) procured to support the contract.
- e) Publications and technical data including repair/test schemes, etc.

## Responsibilities

8. The tasks outlined at [Annex A](#) and [Annex B](#) are mandatory requirements in the close-out of a DND R&O contract and detail the responsibilities of each party involved.

9. [ANNEX A](#) details the instructions applicable to a normal transfer of work from one Contractor to another. The Close-out Planning Team (COPT) is authorized to amend the instructions to suit local conditions. Any deviation shall be clearly identified and explained in the minutes of the meetings or as a note to file.

10. [ANNEX B](#) details normal finalization of a contract. It is impossible to legislate on each aspect of a contract close-out, therefore, it will be necessary for the committee to formulate special procedures to cater to peculiar needs which might arise during a close-out operation.

See also:

- PAM 6.6 Annex B, [Appendix 1](#)
- PAM 6.6 Annex B, [Appendix 2](#)
- PAM 6.6 Annex B, [Appendix 3](#)
- PAM 6.6 Annex B, [Appendix 4](#)

## Close Out of DRMIS Account

11. Action must be taken in accordance with the Supply Administration Manual (SAM) to close out all automated accounts.

**Note:** Every effort shall be made to clear all outstanding stock balances, stocktaking discrepancies and DRMIS dues-in/out before requesting to close DRMIS accounts.

## 7.0 CASH FORECASTING AND PROCUREMENT ALLOCATION

- 7.1 Commitment (CO) Accounting
- 7.2 Cash Forecasting
- 7.3 Preparing Cash Forecast
- 7.4 Payable at Year-End (PAYE)
- 7.5 Accommodating Funding Changes

### 7.1 Commitment (CO) Accounting

Commitment accounting is the mandatory process or activity of recording the funds that have been committed in DRMIS.

Funds are defined as committed when a contract is put in place for goods or services. Committed funds are monies set aside that make the government liable for a future payment for goods or services when received. For example, a Public Services and Procurement Canada (PSPC) contract, a DND contract, a Purchase Order (PO) or a Call-up against a Standing Offer are documents that commit funds on behalf of the Crown.

The commitment equals the value of the contract (excluding Goods & Services Tax (GST) and Harmony Sales Tax (HST)). At contract award, the full commitment (for contract entry value, which include all options) must be recorded in DRMIS. The value of the contract may be cash phased over several fiscal years, or within one year, depending on various factors, such as:

- Contracted delivery date of the goods or services;
- Milestone completion date;
- Estimated progress of the work;
- Date for an authorized advance payment.

The commitment is a charge directly against the budget and reduces the free balance. When a commitment slips from one fiscal year to the next, it becomes a first charge against the next year's cash allocation.

#### Reference:

Commitment accounting: [FAM 1016-2, Expenditure Planning and Initiation - FAA section 32](#).

### 7.2 Cash Forecasting

- 7.2.1 Cash Forecast
- 7.2.2 Levels of Review
- 7.2.3 Forecast Periods
- 7.2.4 Factors Influencing the Cash Forecast
- 7.2.5 References

Cash forecasting is the process or activity that, for a given fiscal year:

- Ensures that the cash allocation meets the requirements in achieving departmental objectives;
- Reviews the funds that have been spent, committed, pre-committed and reserved;
- Addresses surpluses and identifies unfunded pressures, vote transfer requests and expected funding transfers.

### 7.2.1 Cash Forecast

The cash forecast consists of four unique funding elements. These elements, which are related to stages of procurement, are:

#### a) **Actual/Spent**

Actual/spent figures are reflected through invoice processing and System Adjustments (SA) in DRMIS.

#### b) **Commitment (CO)**

Funds are defined as Committed when a contract is put in place for goods or services.

**Note:** In DRMIS-MM the commitment is called a purchase order.

#### c) **Pre-Commitment (PC)**

Funds are defined as Pre-Committed when a requisition is approved but the goods/services are not yet contracted. A request for services to D Svc C, a signed requisition for goods/services to PSPC and a signed DND8 for construction to DCC are examples of documents that pre-commit funds on behalf of the Crown.

**Note:** In DRMIS-MM the pre-commitment is called a purchase requisition.

#### d) **Funds Reservation (FR)**

A Funds Reservation may be done in DRMIS to indicate that a major requirement is planned or that a requisition is being prepared.

Actuals, COs and PCs reduce the free balance of the budget but FRs do not because they are a planning activity.

Cash forecasting:

- Determines which portion of the unexpended COs, PCs and FRs will actually be spent in the fiscal year;
- Determines whether there is sufficient cash (cash forecast right on), excess cash (need to decrease cash forecast or bring forward expenditures from future years to the current year) or insufficient cash (need to increase the cash forecast or move out expenditures to future years).

The cash forecast does not change the total commitment amounts owed. The cash forecast provides the flexibility to move the spending between fiscal years without modifying the total contract/commitment value. Therefore, the cash forecast does not equal commitment.

### **7.2.2 Levels of Review**

In ADM(Mat), four levels conduct reviews prior to the cash forecast release to [DMG Compt](#), the ADM(Mat) group Comptroller::

1. Sub-Section Head;
2. Section Head;
3. Director;
4. Director General.

For the other organizations in the NCR and the organizations outside NDHQ, the Comptroller of the organization determines the levels and number of reviews.

### **7.2.3 Forecast Periods**

In ADM(Mat), the forecast periods are usually:

1. First quarter: June;
2. Second quarter: September;
3. Third quarter: November;
4. Fourth quarter (1st): January;
5. Fourth quarter (2nd): February;
6. Fourth quarter (3rd): March.

The forecast includes a five-year window with most emphasis on the cash required for the current fiscal year.

For the other organizations in the NCR and the organizations outside NDHQ, the forecasts are usually required at specific dates tied to critical decision points in the financial management process. These cyclical forecasts are submitted to Director Budget for receipt no later than:

1. 30 June;
2. 30 September (not applicable to commands or NDHQ groups, unless specifically requested);
3. 15 December.

### **7.2.4 Factors Influencing Cash Forecasts**

The following factors influence the available cash flow and the cash forecast:

#### **a) Funding Elements**

The funding elements that will influence the available cash flow and the accuracy of the cash forecast are Pre-commitment(PC)/purchase requisition, Commitment(CO)/purchase order and Actual/Spent (PAM 7.1.2), as these reduce the current free balance.



**b) Requirement**

The complexity, stage and value of the requirement, the type of procurement instrument used, the procurement strategy and the time of the year will influence the available cash flow and the cash forecast:

- The process for procurement over \$5K (goods) and \$25K (services) usually takes six months or more. Factors to consider include:
  - Preparation of the SOW and evaluation criteria (TA's responsibility);
  - Preparation and delivery of the requisition to the CA (PA's responsibility);
  - Posting of the requirement on the Government Electronic Tendering Service (GETS) by the CA;
  - Bid evaluation process (PA, TA and CA's responsibility);
  - Contract process and award (CA's responsibility);
  - Receipt of goods or services.
- The process for procurement below \$5K (goods) / \$25K (services) usually takes a few days or weeks. Factors to consider include:
  - Telephone quotes (TA's responsibility);
  - Bid evaluation process (TA or CA/PA's responsibility);
  - Contract award (PA's responsibility);
  - Receipt of goods or services.

**c) Time Factors**

Before contract award, the time factors that influence the cash flow and the cash forecast include:

- Translation of the requirement;
- The time to get a contract in place (The CA receives the requirement, posts it on the Government Electronic Tendering Service (GETS), the bid evaluation process and the contract award process take place);
- The time of year that a contract is requested (the likelihood to have a contract in place by FY end is reduced the closer the request gets to FY end);
- Schedule changes.

After the contract is awarded, the time factors that influence the cash flow and the cash forecast include:

- The type of good or services requested (commercial off the shelf, special production run, testing requirements, manufactured to specifications);
- Social factors (potential labour disruptions, seasonal impacts);
- Transportation and delivery of the goods to the consignee(s);
- Installation schedule;
- Reception of an invoice/progress claim from the company;
- Reception of the certification (PM's/TA's responsibility);
- Payment made in DRMIS (PA's responsibility);
- Schedule the changes.

Delivery dates for goods and services are essential in estimating the cash flow. The more accurate the delivery dates are, the better the cash forecast will be. The PA is therefore responsible for monitoring the delivery, hastening the vendors and knowing the performance history of the vendors when preparing the cash requirements for contracts and reviewing the cash forecast.

d) **Transportation Costs**

For Capital Project procurement, the transportation costs may be:

- Included in the price of the goods;
- Shown as a separate charge in the contract and paid against a financial encumbrance (FE), using the project's funds and the appropriate general ledger (G/L) for transportation;
- Excluded from the contract, paid by DND/DSCO and then reimbursed by the project via an SA. In this case, DND will be responsible for the transportation of the goods from the contractor's facility to a DND/CAF destination. Currently, contracts below \$5K (goods – PAM 3.3.9), sole source contracts and Foreign Military Sales (FMS) contract are eligible under this option.

For National Procurement, the transportation costs may be:

- Included in the price of the goods;
- Shown as a separate charge in the contract and paid using the appropriate client's NP funds and the appropriate (G/L) for transportation;
- Excluded from the contract and paid by DND/DSCO. In this case, DND will be responsible for the transportation of the goods from the contractor's facility to a DND/CAF destination. Currently, only repairable items returning from R&O, contracts below \$5K (goods – PAM 3.3.9), sole source contracts and Foreign Military Sales (FMS) contracts are eligible under this option. When transportation costs are paid by DSCO, they shall be excluded from the cash forecast.

e) **Basis of Payment**

The basis of payment will definitely influence DND's available cash flow:

- Advance payments (for example, FMS cases);
- Progress/milestone payments;
- Per diem / level of effort;
- One single payment;
- Fixed delivery date(s);
- Firm fixed price.

**Note:** Sales taxes do not influence available cash flow and the cash forecast:

- GST and HST taxes are allotted against a centrally managed account;
- The Crown is exempted from paying PST.

f) **Inflation Rates/Price Adjustments**

Cash forecasts may be influenced by changes in :

- inflation through economic price adjustment clauses in existing contracts;
- expected cash requirements for non-contracted goods and services.

g) **Carry-over Commitments**

Carry-over commitments are COs/purchase orders from previous fiscal years that are not completely expended. Therefore, carried over COs/purchase orders must be included in the cash forecast.

h) **PAYEs**

When goods and services are delivered at the end of the fiscal year and the invoice/claim is not received until the new fiscal year, the PA may need to establish a PAYE for that payment.

The PA should always refer to special instructions published by Comptroller's office and usually available in March of each FY.

The [Financial Administration Manual \(FAM\) 1016-3](#) identifies the criteria for qualifying a PAYE.

i) **Currency Rate**

The cash forecast may be influenced by:

- the currency rate fluctuation for existing contracts;
- by changes in expected cash requirements for non-contracted goods and services.

The PCs/purchase requisitions are always in Canadian dollars regardless of the contract payment currency. The COs/purchase orders are in the contract payment currency. Therefore, currency fluctuations for foreign contracts need to be considered when preparing the cash forecast.

## 7.2.5 References

- ADM (Fin CS)'s policy on PAYE: [Financial Administration Manual \(FAM\), Chapter 48](#)
- In-Year Management: [Defence Planning and Management, Strategy Management](#)
- ADM(Mat) Comptroller: [DMG Compt](#)

## 7.3 Preparing a CASH FORECAST

7.3.1 Cash Forecast – A Status Capital Projects

7.3.2 Cash Forecast – Status B, C and below Capital Projects

7.3.3 Cash Forecast – National Procurement (NP) and Operation & Maintenance (O&M)

### 7.3.1 Cash Forecast – A Status Capital Projects

Status A capital projects are projects that have obtained Treasury Board authority for capital spending by means of a TB Submission or submission to the MND, under TB-delegated authority.

#### Responsibilities:

The PA's responsibilities are to:

- Ensure that DRMIS, have been updated prior to cash forecast;
- Review and update cash forecast figures;
- Submit the cash forecast to the Sub-Section Head (SSH).

#### Tasks:

The PA's tasks, with the latest approved cash forecast as their guide, are to:

a) Review active contracts

- Contact the contractor for updated delivery information and validate the information;
- Confirm contract end dates with the CA;
- Identify the risks areas which may affect the delivery and the cash flow of the contract and take corrective action, as appropriate;
- Document the status in the procurement file;
- Perform the cash forecast for the requirement in the appropriate FY using DRMIS.

b) Review requisitions

- Review the status of the requisition;
- Confirm the estimated RFP release date, contract award date, delivery dates and contract end date with the CA;
- Ensure that adequate time has been allocated for completion of activities;
- Document the status in the procurement file;
- Perform the cash forecast for the requirement in the appropriate FY using DRMIS.

c) Review new requirements

Validate the procurement strategy and the timelines of the new requirements.

d) Update DRMIS, with the most current information:

- Input FRs, PCs (purchase requisitions in DRMIS MM) and COs (purchase order in DRMIS MM) as appropriate;
- Process invoices.

e) Print the Reports

The following DRMIS report is required to prepare the cash forecast:

- PDR report (PDR in Bi-PS module or PDR1 in DRMIS) to obtain FRs, PCs, COs and actuals for a specific project

The following DRMIS Business Intelligence (BI) reports are also required to prepare the cash forecast:

- Query Forecast Division (available in Bi-FI module):
  - Entry for Procurement Officers
  - Entry for Management
  - Entry for DMG COMPT
- Free Balance report (Query Free Balance Report) to obtain committed and actuals information for a WBS element or a Cost Center (available in Bi-FI module).

The following DRMIS reports are required to prepare the cash forecast:

- Project Detail report (PDR) (available in Bi-PS module) report for WBS for all approved phases of the project;  
Bi cost center report (available in Bi-FI module).

f) Review the reports

- Review invoices paid without reference to a CO/purchase order and perform SAs;
- Review negative amounts and take corrective actions;
- Review unknown expenditures. Investigate and take corrective actions.

g) Confirm with the PM

- Inform the PM of the figures approved at the last forecast;
- Inform the PM of the status of the project: actuals/spent, COs/purchase orders, PCs/purchase requisitions, FRs for this FY;
- Identify variances between the previous and the current cash forecast and request the PM's clarification, as required;
- Complete the draft version of the cash forecast;
- Ask the PM to review this version and to substantiate areas requiring clarification to help when finalizing the cash forecast.

h) Finalize and submit the cash forecast

- Review the cash forecast in light of information received by the CA and adjust if necessary;

- Finalize the cash forecast and complete any necessary internal forms/databases;
- Submit the cash forecast to the SSH.

### **7.3.2 Cash Forecast – Status B, C and Below Capital Projects**

Capital projects that have status B, C or below are projects that have not yet obtained TB authority for capital spending by means of a TB Submission or submission to the MND, under TB-delegated authority.

Responsibilities:

The PA's responsibilities are to:

- Review and update cash forecast figures;
- Submit the cash forecast to the Sub-Section Head (SSH).

Tasks:

The PA's tasks, with the latest approved cash forecast as their guide, are to:

- a) Review the figures approved at the last cash forecast or the figures approved on the Synopsis Sheet and inform the PD/PM;
- b) Identify the risk areas which may affect the project approval and take corrective action, as appropriate;
- c) Ask the PM for the status of the project:
  - When is the SRB meeting?
  - When is the PMB meeting?
  - When are DND/TB approvals expected?;
- d) Identify variances between the previous and the current cash forecast and request the PM's clarification, as required;
- e) Complete the draft version of the cash forecast;
- f) Ask the PM to review this version and to substantiate areas requiring clarification to help when finalizing the cash forecast;
- g) Finalize the cash forecast, ensure that it is aligned with the project approval timelines and complete any necessary internal forms/databases;
- h) Submit the cash forecast to the SSH.

### **7.3.3 Cash Forecast – National Procurement (NP) and Operation & Maintenance (O&M)**

Responsibilities:

The PA's responsibilities are to:

- Ensure DRMIS has been updated, as applicable, prior to cash forecast;
- Review and update cash forecast figures;
- Submit the cash forecast to the Sub-Section Head (SSH).

**Tasks:**

The PA's tasks, with the latest approved cash forecast as their guide, are to:

a) Review active contracts

- Contact the contractor for updated delivery information and validate the information;
- Confirm contract end dates with the CA;
- Identify risk areas which may affect the delivery and the cash flow of the contract and take corrective action, as appropriate;
- Document the status in the procurement file;
- Perform the cash forecast for the requirement in the appropriate FY using DRMIS.

b) Review requisitions

- Review the status of the requisition;
- Confirm estimated contract award dates, delivery dates and contract end dates with the CA;
- Ensure adequate time has been allocated for completion of activities;
- Document the status in the procurement file;
- Perform the cash forecast for the requirement in the appropriate FY using DRMIS.

c) Review new requirements

Validate the procurement strategy and the timelines of the new requirements.

d) Update DRMIS, with the most current information:

- Input FRs, PCs and COs;
- Process invoices.

e) Print the report

The following DRMIS Business Intelligence (BI) report is required to prepare the cash forecast:

- Query Forecast Division-Entry for Procurement Officers (available in Bi-FI module)
- Forecast Division-Entry for Management (available in Bi-FI module)
- Forecast Division-Entry for DMG COMPT (available in Bi-FI module)

f) Review the report

- Review invoices paid without reference to a CO and perform SAs;

- Review negative amounts and take corrective action;
- Review unknown expenditures and documents. Investigate and take corrective action.

g) Confirm the cash forecast with the TA/LCMM/RC Manager

- Inform the TA/LCMM/RC Manager of the figures approved at the last forecast;
- Inform the TA/LCMM/RC Manager of the status of the documents: actuals/spent, COs, PCs, FRs for this FY;
- Identify variances between the previous and the current cash forecast and request the TA/LCMM/RC Manager's clarification, as required;
- Complete the draft version of the cash forecast;
- Ask the TA/LCMM/RC Manager to review this version and to substantiate areas requiring clarification to help when finalizing the cash forecast;

h) Finalize and submit the cash forecast

- Review the cash forecast in light of information received by the CA;
- Finalize the cash forecast and complete any necessary internal forms/databases;
- Submit the cash forecast to the SSH.

## **7.4 Payable at Year-End (PAYE)**

### **7.4.1 PAYE Overview**

### **7.4.2 PA's Responsibilities**

### **7.4.3 PAYE Criteria**

### **7.4.4 PAYE for Progress Claims with Holdbacks**

### **7.4.5 References**

## **7.4.1 PAYE Overview**

A PAYE (payable at year-end) is an amount owed by DND for work performed (such as progress on deliverables), goods received, or services rendered (such as professional services contracts) on or before 31 March, or under any other contractual arrangement entered into on or before 31 March, to another government department (OGD) or outside party, for which a payment cannot be made prior to the closing date of that fiscal year.

For this purpose each FY is made up of 14 periods. A period is one calendar month, with "1" representing April and "12" representing March of the next year. Periods "13" (April) and "14" (May) coming after the end of the fiscal year.

During Period 13 debt is discharged for:

- work performed,
- goods received,
- services rendered, or
- any contractual arrangement



before or at the fiscal year end.

Within approximately the first four weeks following the fiscal year-end, there are two options for discharging a debt:

- payment charged directly to the old-FY budget; or
- credit outstanding debts to a PAYE open liability account pending settlement in subsequent fiscal years.

System adjustments (SA) in the financial system on the previous year's transactions are performed during period 14.

#### **7.4.2 PA's Responsibility**

The PA is responsible for the following tasks:

- Read and follow the DMG Compt's annual year-end instructions (ADM (Mat)'s group comptroller) or the local comptroller's annual year-end instructions;
- Process invoices for goods and services received before or on 31 March by the fiscal year cut-off date (usually around mid-April) in DRMIS;
- If it is anticipated that an invoice will not be received by the fiscal year cut-off date:
  - Raise a PAYE request form for each invoice to be received (total amount of the invoice excluding GST/HST);
  - Raise a PAYE request form for each progress claim to be received (total value of the work performed, goods received or services rendered excluding GST/HST);
  - Submit the PAYEs to the comptroller prior to the PAYE cut-off date;
  - Ensure that the PAYEs are not used incorrectly to make the cash forecast figures balance.

#### **7.4.3 PAYE Criteria**

Criteria for establishing a PAYE:

- As at 31 Mar:
  - The work has to have been performed;
  - The goods have been received or ownership of the goods has been passed to DND (goods have been picked up at the plant/supplier for contracts with FCA plant/supplier);
  - The services have been rendered; or
  - The amount is due and payable in accordance with the terms of a contract entered into on or before 31 March.
  - The debt cannot be discharged during period 13 (April of that year).
  - The amount of the debt:
    - Must be accrued (remain in effect until settlement) if the debt is \$5000 or more; or
    - Must be settled or cleared by 31 January of the following year if the debt is less than \$5000 or a residue of less than \$5000 remains.

- The debt is a lawful charge to the budget.
- The debt is for a determinate amount.

However, the debt may be estimated if it meets all these conditions:

- It exceeds \$5000;
- It can be substantiated and reasonably accurate values can be assigned;
- It is expected to be paid in subsequent fiscal years; and
- It can be identified with subsequent payments or settlements.

The following do not qualify and are not to be established as PAYE:

- Contractor holdback (holdback releases are to be processed in the fiscal year they are received) PAM 7.3.5.6 below provides more details;
- GST or HST payable; and
- Non-receipt of the goods and/or services.

Only when the goods or services defined within the signed contract have been received or provided prior to or on 31 Mar but no invoice has been received, should a PAYE be set up.

#### **7.4.4 PAYE for Progress Claims with Holdbacks**

- a) If it is anticipated that an invoice will not be received by the FY cut-off date, the PA shall:
- Raise a PAYE request form for each progress claim to be received (for the total value of the work performed, goods received or services rendered excluding GST/HST);
  - Submit the PAYEs to the comptroller prior to the PAYE cut-off date.

##### **Example 1:**

Total value of the work performed, goods received or services rendered excluding GST/HST: \$10K  
Value of the holdback amount: \$2K  
Total value of the progress claim: \$8K

The PA shall:

- Raise a PAYE request form for the progress claim to be received in the amount of \$10K;
- Submit the PAYEs to the comptroller prior to the PAYE cut-off date.

- b) Upon receipt of the progress claim, the PA shall:

- Charge the total value of the work performed, goods received or services rendered excluding GST/HST to the PAYE account;
- Deposit the value of the holdback amount into the holdback account;
- Pay the total value of the progress claim to the company.

**Example 2:**

Total value of the work performed, goods received or services rendered excluding GST/HST: \$10K

Value of the holdback amount: \$2K

Total value of the progress claim: \$8K

The PA shall:

- Charge \$10K to the PAYE account;
- Deposit \$2K into the holdback account;
- Pay \$8K to the company.

c) When the holdback is released, the PA shall:

- Charge the value of the holdback amount to the holdback account;
- Pay the value of the holdback amount to the company.

**Example 3:**

Total value of the work performed, goods received or services rendered excluding GST/HST: \$10K

Value of the holdback amount: \$2K

Total value of the progress claim : \$8K

The PA shall:

- Charge \$2K to the holdback account;
- Pay \$2K to the company.

**7.4.5 References**

DG Fin Management's [year-end instructions](#)

ADM (Fin CS)'s policy on PAYE ([FAM, chapter 48](#)):

[FAM, Chapter 1016-3](#), Account Verification – FAA section 34

[PAM 5.6.4.1](#)

**7.5 Accomodating Funding Changes**

7.5.1 Budget Freeze

7.5.2 Budget Cut

7.5.3 Additional Funding becomes Available

Budgetary changes have a significant impact on the operational capability of the department. The role of the PA is to provide information on the procurement risks and the impacts associated with any changes to procurement activities. The PA and TA/PM/CA consult each other and collectively assess the impact of the feasibility, flexibility and risks to either delaying, reducing, increasing or cancelling the procurement activities.

### 7.5.1 Budget Freeze

During a budget freeze no money shall be spent without additional approval.

The PA's responsibilities, with the help of the TA, are to:

- a) Review all requirements (requirements, requisitions to PSPC, contracts);
- b) Prioritize all the requirements, considering any safety assessment factors and legal obligations in the following order of flexibility:

What requirements are in the planning stage and expected to be contracted and delivered this FY or within the timeframe of the freeze?	<i>A lot of flexibility</i>
What is the requisition status in the requisitioning process (for contract award and delivery this year or within the timeframe of the freeze)?	
What is the RFP status in the RFP process (for contract award and delivery this year or within the timeframe of the freeze)?	<i>Some flexibility</i>
What has been contracted for delivery this FY or within the timeframe of the freeze?	<i>Minor flexibility</i>
What has been delivered and will be paid for?	<i>No flexibility</i>
What has been spent?	

- c) Prepare a gap analysis report to identify the gap between the budget available due to the freeze vs the budget required to meet the operational sustainments;
- d) Prepare an impact statement report to evaluate the feasibility, flexibility and risks to either delay, reduce or cancel the requirements, considering any technical, industrial and contractual obligations and cost effective management factors;
- e) Submit the gap analysis and the impact statement reports to the PA's supervisor.

The divisional and the branch comptrollers will determine the appropriate course of action.

### Options:

When there is a budget freeze, the options available to the PA are to:

- Delay the process for those procurements that are expected to deliver during the timeframe of the freeze and document the impact to future years' budgets:

- Postpone the requirements / project activities to future fiscal years;
- Delay the approval process of the requisition;
- Delay the RFP process;
- If the RFP is posted on the Government Electronic Tendering Service (GETS), amend the delivery date to be outside the timeframe of the freeze or cancel the requirement;
- Delay the contract award process;
- Delay the delivery of the goods or services and the spending, if feasible and if there is no cost implication.
- Reduce the requirement for those procurements that are expected to deliver during the timeframe of the freeze and document the impact to future years' budgets:
  - Reduce the total quantities required;
  - Maintain the overall requirement but reduce the quantities to be delivered this FY and postpone the remaining quantities to be delivered to future FYs;
  - Postpone the maintenance activities.
- Stop the process for those procurements that are expected to deliver during the timeframe of the freeze and document the impact to future years' budgets:
  - Cancel the requirements/activities;
  - Cancel the requisition;
  - Cancel the contract only if feasible and there is no cost or minimal cost implication.

### 7.5.2 Budget Cut

A budget cut may be a long-term reduction of the departmental budget (the budget is cut by x% from previous years) or a reduction of the current cash available in a specific FY only.

The PA, with the help of the TA, will go over the process described in PAM 7.5.1 and identify what can be cancelled or postponed to the next FY.

### 7.5.3 Additional Funding Becomes Available

Money may become available toward the end of the fiscal year if some procurement is not executed on schedule elsewhere in the department. However, this money will no longer be available to spend after the end of the fiscal year.

The PA's responsibilities, with the help of the TA, are to:

- a) Review all requirements (requirements that have been considered unaffordable due to budget availability, current requirements, requisitions, contracts);
- b) Prioritize all the requirements considering any safety assessment factors and legal obligations in the following order of flexibility:

What requirements have been considered unaffordable due to budget availability but can be contracted and delivered this year?	<i>A lot of flexibility</i>
What requirements are in the planning stage and expected to be contracted and delivered this FY?	
What is the requisition status in the requisitioning process (for	

contract award and delivery this year)?	
What is the RFP status in the RFP process (for contract award and delivery this year)?	<i>Some flexibility</i>
What has been contracted for delivery this FY?	<i>Minor flexibility</i>
What has been delivered and will be paid for?	<i>No flexibility</i>
What has been spent?	

- c) Prepare an impact statement report to evaluate the feasibility, flexibility and risks to either:
- Advance any requirements to the current FY (note that requirements should not be advanced due to availability of funding unless they are fully validated from an operational perspective and justified);
  - Increase the quantity of the current requirements;
  - Identify new requirements.

The PA has to be certain that delivery will occur this FY before agreeing to spend additional funds.

- d) Submit the impact statement report to the PA's supervisor.

The divisional and the branch comptrollers will determine the appropriate course of action.

### Options:

When additional funding is made available, the options available to the PA are to:

- Advance the process:
  - Advance the requirements or project activities from future fiscal years to the current FY;
  - Advance the delivery of the goods and services and the spending from future FYs to the current FY.
- Increase the requirement (only if this increase is within the existing approved project/business plan):
  - Increase the total quantities required in existing contracts;
  - Maintain overall requirement but increase the quantities to be delivered this FY and reduce the remaining quantities to be delivered in the future FYs;
  - Advance maintenance activities.
- Other actions:
  - Contact contractors to confirm and expedite delivery;
  - Expend to the greatest extent possible the over-programmed portion of the budget.

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## 8.0 USE OF FUNDS EARMARKED (FE)

### 8.1 Definition

Funds Earmarked (FE), is a document that the PA prepares to:

- give authority to another DND organization's functional authority to use funds from the PA's budget for a specific purpose;
- manage automated payments against a specific G/L (such as travel, civilian and military pay, etc.) in a project office;
- manage payments under an MOU or SLA.

An FE formally assigns these funds, in the form of a:

- funds reservation; or
- pre-commitment and/or a commitment.

### 8.2 Purpose of FE

FEs must be used in the following circumstance:

- the PA raises an FE to provide another DND organization, authority to use the funds.

For example:

- A PA will provide an FE to a base to enable it to do minor construction work in support of a specific Capital project.
- To reserve or pre-commit and/or commit funds in a project office for items such as training, office supplies, courier services, civilian pay, military pay, overtime, transportation, taxi (local travel) and national or international travel.

FEs must not be used in the following circumstances:

- A written contract between DND and a supplier.
- A requisition to PSPC; therefore FE forms must not be forwarded to PSPC.
- The FE form must not be used by the TA/RC Manager for the purpose of assigning authority to the PA section 32/34 for the procurement and payment of invoices resulting from the subject procurement. The TA/RC Manager must use the [Section 32/34 Form](#) to that effect.

### 8.3 Who can use the funds provided on an FE?

Individuals must have the required delegated **contracting authority** on their signed Delegation of Authorities Form in order to use the funds provided on an FE and raise a contract (see [PAM 3.3.9](#), [3.3.10](#) or [3.3.1](#)).



Individuals must have the required delegated **procurement initiation authority** on their signed Delegation of Authorities Form in order to use the funds on an FE and requisition a contract through PSPC (see [PAM 3.3.11](#)).

## 8.4 FE Form

- PAM Annex 8.A provides the FE form and instructions for completing it.
- If you are using **DRMIS** use:
  - FM070\_205 - Create Funds Reservation
  - FM070\_225 - Print Funds Reservation

## 8.5 FE Process

The TA's responsibility is to send a memo to the PA describing the requirement.

The RC Manager, if not also the PA, is responsible for:

- completing the Section 32/34 Form to authorize the:
  - funding for the requirement;
  - PA to use the funds;
  - PA to initiate and process an FE form to another DND organization;
  - other DND organization to certify Section 32/34 of the FAA.
- forwarding the Section 32/34 form to the PA.

The PA's responsibilities and tasks are to:

### a) Validate the requirement

- Confirm that the requirement for an FE was sent to the right organization;
- Confirm that the FE is the appropriate document to satisfy the requirement;
- Ensure that the information supporting the request for an FE is complete and that the requirement is thoroughly described;
- Open a procurement file. The PA must document the authority for preparing an FE (a copy of a memo from the originator and the completed Section 32/34 Form) in the FE file.

### b) Develop the Funds Earmarked (FE) form

If using DRMIS:

Raise either:

- A funds reservation (when the receiving organization is expected to forward a requisition to PSPC) DRMIS FR type 01
- A pre-commitment (when the receiving organization is expected to do further contracting action) DRMIS FR type FR
- A commitment (when the receiving organization is not expected to do any requisition or contracting activity, for example expenses for TD). In this specific

case, the PA may choose to raise a pre-commitment and a commitment or just a commitment.

Enter the required financial information in DRMIS **FM070\_205 - Create Funds Reservation**. The FE information will automatically be uploaded to DRMIS.

- If not using DRMIS:
  - Complete the FE form, following the guidelines in PAM Annex 8.A
  - Enter the financial information directly into DRMIS as a funds reservation or a pre-commitment and/or a commitment.
- Print the FE form and ensure that it contains all the terms and conditions required. In **DRMIS FM070\_225 - Print Funds Reservation**.
- Ensure that a person with delegated FAA section 32 authority signs the printed FE form. Refer to the approval signing levels for FEs (annex 8.B).
- Distribute the approved FE:
  - Send a copy to the TA
  - Keep the original approved FE in the procurement file for audit purposes along with any supporting information, such as a statement of work, MOU, etc.
  - Provide a copy to the organization that will use the funds.

#### c) **Manage the FE**

- When required, hasten the organization that is responsible for spending the funds and inquire about the status;
- Ensure that contractor invoices are not paid directly against an FE, since the FE form is not a contract;
- Ensure that expenditures (such as training, office supplies, courier services, civilian pay, military pay, overtime, transportation, taxi (local travel) and national or international travel) are charged to the FE commitment in DRMIS using the System Adjustment (SA) transaction;
- Ensure that an approved FE amendment precedes any implementation of changes. The person approving the amendment must have the delegated FAA section 32 authority equal to the total value of the original FE document plus all the amendments. Refer to the approval signing levels for FEs (annex 8.B).

#### d) **Reconcile and close the FE**

- Close out the FE (fund reservation or pre-commitment and/or commitment) (PAM 6.1);
- Close out the procurement file (PAM 6.2);
- Archive / Put Away the file (PAM 6.3).

## ANNEX 8.A Instructions for Completing a Funds Earmarked Form

The form is available in the [Defence Forms Catalogue](#). Enter Form Number 2450 and click Search to download it.

Block Description	Instruction
FE doc no.	Enter the FE document number ( <a href="#">PAM 3.4.2</a> ).
DRMIS doc.no	The PA must choose one of the following options: <ul style="list-style-type: none"> <li>• A funds reservation (when the receiving organization is expected to forward a requisition to PSPC);</li> <li>• A pre-commitment (when the receiving organization is expected to do further contracting action);</li> <li>• A commitment (when the receiving organization is not expected to do any requisition or contracting activity). In this specific case, the PA may choose to raise a pre-commitment and a commitment or just a commitment.</li> </ul>
Page	Enter the page number.
Date	Enter today's date.
Type	Identify the type of FE: a funds reservation or a pre-commitment and/or a commitment.
Currency	Enter the currency of the FE. FEs are usually in Canadian dollars.
Total original amount	Enter the total original amount of the FE.
Item no.	Enter the line number.
Cost Ctr	Enter the Cost Center, if applicable.
Int. Order	Enter the internal order, if applicable.
WBS element	Enter the WBS number, if applicable.
GL account	Enter the G/L account number.
Fund	Enter the Fund, if applicable.
Funds Ctr	Enter the Funds Center, if applicable.
Due on	Enter the FE end date.
Orig Amt	Enter the budget.
Text	Enter the reason for the FE, the period of validity, the POC and any special information. <b>Example:</b> This FE is raised to provide funding for one (1) Captain position no 1234, regular force, in support of project G1234, from 01 Apr 06 to 31 Mar 07. <b>Example:</b> This FE is raised to provide funds to DABC 4-5 for travel & living expenses related to the G1234/AAAA project for FY 06/07.
<b>Amendment Summary</b>	
Amendment number	<b>For an original FE:</b> Enter "Original". <b>For an amendment:</b> Enter the next sequential amendment number beginning with 1.
Previous encumbrance	<b>For an original FE:</b> Enter \$0.00.

Block Description	Instruction
	<b>For an amendment with any modification in the financial information:</b> Enter the amount from the original FE or the amount from the previous amendment.
Amendment increase	<b>For an original FE:</b> Enter \$0.00. <b>For an amendment with any modification in the financial information:</b> Enter the difference in the amount from the original FE or from the previous amendment.
Amendment decrease	<b>For an original FE:</b> Enter \$0.00. <b>For an amendment with any modification in the financial information:</b> Enter the difference in the amount from the original FE or from the previous amendment.
Present encumbrance	<b>For an original FE:</b> Enter the total amount. <b>Note:</b> An FE does not include tax. GST/HST does not apply to FEs. <b>For an amendment with any modification in the financial information:</b> Enter the revised total amount: the amount of the previous encumbrance plus or minus the amended amount.
<b>Distribution list</b>	
FE doc. no	Enter the FE document number.
Name/Title	Enter the name and the title of each individual who must receive a copy of the FE.
Recommended by	This information is optional in DND.
Certified Unencumbered balance confirmed by	<b>This signature is required.</b> This block will be signed by the PA who has been authorized by the RC Manager via the "Section 32/34 form" to sign FAA section 32 for the value and financial coding(s) listed on the Section 32/34 form.
Approved by	<b>This signature is required.</b> Ensure that a person with delegated FAA section 32 authority signs the FE form. Refer to the approval signing levels table for FEs (annex 8.B).

## ANNEX 8.B Approval Signing Levels Table for the FE form

TABLE 8.B.1 Restrictions on Positions within the NCR

This table specifies the signing authorities by position for the DND 2450 FE form.

Position Title	Approval Limit (including GST/HST)
Director	Unlimited
Procurement Officer at the Section Head/Team Leader level	\$ 3M
Procurement Officer at the Sub-Section Head level	\$1.5M
Procurement Officer	\$ 500K
Procurement Clerk	\$ 25K

### 8.B.2) Notes

There is no corresponding column for the FE in the Delegation of Authorities for Financial Administration Document for the following reasons:

- DND 2450 FE form is not a procurement instrument (PI) or a DND contract
- It is an administrative process which is used to:
  - give authority to another DND organization's functional authority to use funds from the PA's budget for a specific purpose;
  - manage automated payments against a specific G/L (such as travel, civilian and military pay, etc.) in a project office;
  - manage payments under an MOU or SLA.

The person signing for approval of the FE certifies that the necessary approvals have been obtained.

This authority is required to:

- a) approve an original DND 2450
- b) approve Amendment documents which include a change in scope or increase in total value
- c) complete electronic submissions serving the same purpose as the documents in a) and b).

Amendment documents that do not include a change in scope or that reduce the total value of the FE are not subject to the financial limits and may be approved at the lowest level listed.

## 9.0 PROCUREMENT DEFINITIONS

<b>9200 Requisition</b> <i>(Demande)</i>	<p>A request to obtain materiel or services and authority to commit funds to cover the purchase.</p> <p>Refer to <a href="#">PAM 3.3.11</a>.</p>
<b>Accessible Procurement</b> <i>(Approvisionnement accessible)</i>	<p>Involves considering accessibility at the beginning of a procurement, when developing the requirement, and accessibility best practices or standards to determine what is required for a good(s) or service(s) to be inclusive by design and accessible by default.</p> <p>Refer to <a href="#">Accessible Procurement</a></p>
<b>Administrative Amendment</b> <i>(Modification administrative)</i>	<p>Administrative amendments may be approved at the lowest level. Administrative amendments:</p> <ul style="list-style-type: none"> <li>• reduce the total value or do not increase the total value of the requisition</li> <li>• do not include a change in scope</li> <li>• do not increase the risk</li> <li>• do not increase the liability of the Crown.</li> </ul> <p>Refer to <a href="#">PAM 1.4.3.2.3.1</a></p>
<b>Advance Contract Award Notification (ACAN)</b> <i>(Préavis d'adjudication de contrat (PAC))</i>	<p>An ACAN allows the CA to post a notice on the Government Electronic Tendering Service (GETS), for no less than 15 calendar days, indicating to the supplier community the intention to award a contract for goods, services or construction to a pre-identified contractor.</p> <p>Refer to <a href="#">PAM 3.1</a>, <a href="#">Table 3.1.1-1</a>, <a href="#">PAM 3.6.4</a>.</p>
<b>Architectural and Engineering contract</b> <i>(Marchés de services d'architecture ou de génie)</i>	<p>A contract for the provision of services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work.</p> <p>Refer to <a href="#">PAM 1.4.4</a>.</p>
<b>Basic Support Documents</b> <i>(Documents justificatifs)</i>	<p>Basic support documents provide summaries and details of procurement actions throughout the life of the requirement. These documents facilitate procurement decisions and audits that may be required throughout the life cycle of the procurement. Depending on the complexity of the procurement, these documents can range from very simple spreadsheets to a specialized database.</p> <p>Refer to <a href="#">PAM 3.4.7</a>.</p>
<b>Call-up Against a Standing Offer (SO)</b> <i>(Commande subséquente à une offre à commandes)</i>	<p>A call-up against a standing offer is an acceptance of the offer to the extent of the goods and/or services being ordered, and also serves as notification to the supplier, detailing the required goods and/or services rendered. A separate contract is entered into each time a call-up is made against a standing offer.</p> <p>Refer to <a href="#">PAM 3.3.1</a>.</p>
<b>Canadian International</b>	<p>The Canadian International Trade Tribunal (CITT) is the main quasi-judicial institution in Canada's trade remedy system. One of the Tribunal's responsibilities</p>

<b>Trade Tribunal (CITT)</b>  <i>(Tribunal canadien du commerce extérieur (TCCE))</i>	<p>is to conduct inquiries into complaints by potential suppliers on federal government procurement covered by the:</p> <ul style="list-style-type: none"> <li>• North American Free Trade Agreement (NAFTA);</li> <li>• Canadian Free Trade Agreement (CFTA);</li> <li>• World Trade Organization Agreement on Government Procurement (WTO-AGP)</li> <li>• Canada-European Union Comprehensive Economic and Trade Agreement (CETA).</li> </ul> <p>Refer to <a href="#">PAM 4.4.1</a>.</p>
<b>Capability Investment Database (CID)</b>  <i>(Base de données des investissements pour les capacités (BIC))</i>	<p>The <a href="#">Capability Investment Database (CID)</a> is an information management tool designed to increase the efficiency and effectiveness of communicating project and program information within the department. It assists project staff in communicating project information within their own office and to other NDHQ matrix staff, including senior management, and provides program information and reports to senior management and program analysts.</p> <p>Refer to: <a href="#">PAM 5.1.2</a>.</p>
<b>Capital Project</b>  <i>(Projet d'investissement)</i>	<p>A project specifically intended to acquire or improve a capital asset. Acquisition of a capital asset refers to obtaining the use of that asset over the long term, irrespective of whether the method of acquisition is construction, purchase, lease/purchase or lease. A project to improve a capital asset is considered to be a capital project when the performance, value, or capability of that asset is significantly increased or its useful or economic life is extended by more than one year.</p> <p>Refer to: <a href="#">Annex 3.3.1.A</a>, <a href="#">Annex 3.3.11.C-2</a>, <a href="#">Annex 4.2.2.2.A</a></p>
<b>COMMIT (Common Item Management)</b>  <i>(COMMIT (Gestion des articles communs))</i>	<p>A legal framework necessary for the management of common stocks and prescribes the rules for asset redistribution.</p>
<b>Commitment Authority</b> <i>(Pouvoir d'engagement)</i>	<p>Commitment authority is the authority delegated by the DM to incumbents of positions to confirm the availability of funds before a contractual arrangement is entered into, to meet the requirements of Section 32 (1) of the FAA (extracted from <a href="#">Financial Administration Principles</a>, section of CAF A-FN-100-002/AG-006.</p>
<b>Competition</b>  <i>(Concurrence)</i>	<p>Rivalry between two or more businesses striving for the same customer or market.</p> <p>Refer to <a href="#">PAM 1.2.3</a>.</p>

<p><b>Competitive Contract</b>  (<i>Marché concurrentiel</i>)</p>	<p>A competitive contract is used when the process for the solicitation of bids enhances access, competition and fairness and assures that a reasonable and representative number of suppliers are given an opportunity to bid by:</p> <p>Either</p> <p>(A) Giving public notice, using electronic bidding methodology, possibly supplemented by traditional bidding procedures, of a call for bids for a proposed contract or of an intention to award a contract to a pre-identified contractor (a directed contract advertised by an Advance Contract Award Notice – ACAN), in accordance with limited tendering reasons set out in the trade agreements, or in accordance with the exceptions to bidding set out in section 6 (of the <i>Government Contracts Regulations (GCRs)</i>,</p> <p>and where</p> <ol style="list-style-type: none"> <li>1. In the case of a call for bids, the lowest bid or the bid that offered the best value, as set out in the evaluation criteria in the bid solicitation and as determined by the contracting authority, was accepted;</li> <li>2. In the case of a call for bids where only one bid, compliant with mandatory criteria set out in the bid solicitation was received, fair value to the Crown, as determined by the contracting authority, was obtained; or</li> <li>3. In the case of an ACAN, where no valid statement of capabilities to the proposed award was received within the fifteen calendar day posting period.</li> </ol> <p>Or</p> <p>(B) Giving public notice, using traditional bidding procedures (such as a suppliers' list, etc.) and in a manner that is consistent with generally accepted trade practices, of a call for bids for a proposed contract,</p> <p>and where</p> <ol style="list-style-type: none"> <li>1. In the case of a call for bids, the lowest bid or the bid that offered best value, as set out in the evaluation criteria in the bid solicitation and determined by the contracting authority, was accepted; or</li> <li>2. In the case that only one bid, compliant with the mandatory criteria set out in the bid solicitation was received, fair value to the Crown, as determined by the contracting authority, was obtained.</li> </ol> <p>(Extracted from <a href="#">TB Contracting Policy - Definitions.</a>)</p>
<p><b>Consignee</b> (<i>Consignataire</i>)</p>	<p>A consignee is a person, designation or location that is identified on the shipping waybill to receive the shipment.</p>



<b>Contract</b>	<p>The essential elements of a contract are:</p> <ul style="list-style-type: none"> <li>• The two parties clearly intended to enter a contract;</li> <li>• There was a clear offer and a clear acceptance of the offer;</li> <li>• The two parties are legally capable of contracting (for example, no one is a minor, mentally incapable, under the influence of drugs or alcohol or under pressure to enter the contract);</li> <li>• A price has been set that the buyer agrees to pay the supplier, and the agreed-to price or rates are in line with normal market conditions;</li> <li>• There is a purpose for the purchase which is clearly legal; and</li> </ul> <p>There is a clear agreement and understanding between parties about the terms and conditions of the contract.</p> <p>Refer to <a href="#">PAM 4.2.1</a>.</p>
<b>Contract Authority (CA)</b> ( <i>Pouvoir de passation des marchés</i> )	<p>A Contract Authority in DND is the authority, delegated by the MND, to persons occupying specific DND/CAF positions or fulfilling specific organizational functions to enter into and sign contractual documents on behalf of the department. (Extracted from <a href="#">Financial Administration Principles</a>, section of CAF A-FN-100-002/AG-006)</p> <p>These delegated DND contracting authorities are shown in the <a href="#">Delegation of Authorities Matrix</a>, Columns 15-24.</p> <p>Contracting authority is vested in PSPC for goods and services valued greater than \$5K and outside the delegated authority of DND.</p>
<b>Contract Kick-off Meeting</b>	<p>The purpose of the kick-off meeting is to allow all stakeholders an opportunity to:</p> <ul style="list-style-type: none"> <li>• Review the details of the contract;</li> <li>• Review DND procedures (QA, supply, finance);</li> <li>• Clarify areas of confusion;</li> <li>• Review and clarify scheduled activities;</li> <li>• Ensure that everyone understands their responsibilities under the contract.</li> </ul> <p>Refer to <a href="#">PAM 5.4.2.1</a>.</p>
<b>Contract-Related Meetings</b>	<p>The purpose of meeting is to:</p> <ul style="list-style-type: none"> <li>• Establish a team to ensure that all parties understand their roles and responsibilities under the contract;</li> <li>• Ensure that any issues are raised to the appropriate authority in a timely manner. Meetings are a key risk management tool.</li> </ul> <p>Refer to <a href="#">PAM 5.4</a>.</p>
<b>Contract Splitting</b>	<p>Contract splitting involves the use of multiple contracts for a single requirement, circumventing contract authority levels, approval processes, or other policies, procedures, or regulations.</p> <p>Contract splitting can also occur when multiple contracting vehicles are used for a single requirement.</p>

	<p>This practice is prohibited and may also be illegal, depending upon the policy being circumvented.</p> <p>Refer to <a href="#">PAM 1.8.1</a>.</p>
<b>Contract Summary Sheet</b>	<p>Provides a history of the contract and serves as a reference when the procurement file is circulated for approval and when and if the file is audited.</p> <p>Refer to <a href="#">PAM 3.4.5.2</a>.</p>
<b>Contract Tracking Document</b>	<p>Provides a complete list of deliverables for this procurement and record their associated contract numbers. This form is required only where the original requisition results in multiple contract documents.</p> <p>Refer to <a href="#">PAM 3.4.7</a>.</p>
<b>Contracting Officers/Clerks</b> ( <i>Commis et agents des contrats</i> )	<p>Contracting Officers/Clerks are the incumbents of positions having restricted “R” authority as indicated in the <a href="#">Delegation of Authorities Matrix</a>, Columns 15-24. Before entering into contracts, Contracting Officers/Clerks must have written authorization from the incumbent of a position that has been delegated specific contracting authority by the MND in the Delegation Matrix. (Extracted from <a href="#">Position Titles</a> in CAF A-FN-100-002/AG-006.)</p>
<b>Contractual Security</b>	<ol style="list-style-type: none"> <li>1. ensuring that the protection of information and assets applies to all phases of the contracting process, including bidding, negotiating, awarding, performance and termination of contracts, as well as to internal government operations;</li> <li>2. Security Requirements Checklist (SRCLs);</li> <li>3. Visit Clearance request (VCR).</li> </ol> <p>Refer to <a href="#">PAM 1.7.3</a>.</p>
<b>Cooperative Logistics (COLOG)</b>	<p>Co-operative Logistics Supply Support Arrangement (CLSSA), commonly referred to as COLOG in DND, (the two abbreviations are interchangeable), is a program within the United States Department of Defense (U.S. DoD) Supply System that allows the U.S. DoD to sell unclassified items, spare parts and minor assemblies to friendly foreign governments and agencies (NATO) when the items are in common use between the U.S. and the customer countries.</p> <p>Refer to <a href="#">PAM 3.3.5</a>.</p>
<b>D Svcs C Contract Request</b> ( <i>Demande de contrat du D C Svcs</i> )	<p>The D Svcs C contract request is a document to be completed and signed by the RC Manager or a person delegated by the RC Manager, to request contracting services from D Svcs C. A copy of the form can be obtained from the D Svcs C site; select Request a Contract.</p> <p>Refer to <a href="#">PAM 3.3.12</a>.</p>
<b>DND 626 Task Authorization Form</b> ( <i>Formulaire d'autorisation de travail MDN 626</i> )	<p>The DND 626 is the form used by DND to raise an “as-and-when-required” task authorization against an existing contract. It describes specific work to be performed by the contractor, which is within the scope and terms and conditions of the existing contract, and identifies a level of effort for that work which has been agreed to by both DND and the contractor.</p> <p>(Note: The DND 626 form may be found in the <a href="#">Defence Forms Catalogue</a> and is</p>

	<p>the same as the DND 626 release order printout from DRMIS.)</p> <p>Refer to <a href="#">PAM 3.3.2</a>.</p>
<b>DND Contract</b> <i>(Contrat du MDN)</i>	<p>A DND contract is a legally binding agreement between DND and a vendor to deliver goods or services, in accordance with specific terms and conditions.</p>
<b>Defence Construction Canada (DCC)</b>	<p>DCC is a Crown corporation that was established in 1951. DCC is accountable to the Canadian Federal Government through the Minister of Public Services and Procurement and serves one client - DND.</p> <p>Refer to <a href="#">PAM 3.3.7</a>.</p>
<b>Defence Procurement Strategy (DPS) Governance Committees</b> <i>(Comités de gouvernance de la Stratégie d'approvisionnement de la Défense)</i>	<p>DPS Governance Committees are interdepartmental committees chaired by PSPC. They exist at 4 levels:</p> <ul style="list-style-type: none"> <li>• Deputy Minister Level</li> <li>• Assistant Deputy Minister Level</li> <li>• Director General Level</li> <li>• Director Level</li> </ul> <p>Refer to <a href="#">PAM 3.1.8.6</a> DPS Review Committees</p>
<b>Defence Resource Management Information System - DRMIS</b> <i>(Système d'information de la gestion des ressources de la Défense (SIGRD))</i>	<p>DRMIS is an integrated Enterprise Resource Planning (ERP) solution. DRMIS serves as the:</p> <ul style="list-style-type: none"> <li>• financial system of record</li> <li>• material acquisition and support system</li> <li>• workforce management system</li> <li>• weapons and vehicle life cycle management system</li> </ul> <p>Refer to <a href="#">PAM 5.1.2</a>.</p>
<b>Delegation of Authorities for Financial Administration for DND/CAF</b> <i>(Délégation des pouvoirs de signature en matière financière pour le Ministère de la défense nationale (MDN) et les Forces armées canadiennes (FAC))</i>	<p>The <a href="#">Delegation of Authorities for Financial Administration for DND and the CAF</a> A-FN-100-002/AG-006 and the Delegation of Authorities for Financial Administration matrix identify which positions in DND have been delegated procurement initiation authority, Contracting authority, Payment and Other authorities.</p> <p>Refer to <a href="#">PAM 1.4.1</a>.</p>
<b>Direct Costs</b> <i>(Coûts directs)</i>	<p>Costs that are directly and solely attributable to the project-elements such as the main equipment, TD, training, professional services, construction, IT equipment, supplies, courier services and PMPRs. The PD/PM develops the project direct costs by element and by FY and provides them to the PA.</p> <p>Refer to <a href="#">PAM 1.9.4</a>, <a href="#">PAM 1.9.5</a>.</p>

<b>Discretionary Exemption</b> <i>(Exemption discrétionnaire)</i>	<p>Provides a government institution with an option to disclose the information where it is felt that no injury will result in the disclosure, or that the interest in disclosing the information outweighs any injury that could result from disclosure.</p> <p>Refer to <a href="#">PAM 1.6.4.2</a>.</p>
<b>Evaluation Plan</b> <i>(Plan d'évaluation)</i>	<p>The evaluation plan identifies who will be involved in the source selection process, how they are to be organized, what the source selection criteria will be, and how the actual evaluation will be conducted.</p> <p>Refer to <a href="#">PAM 3.5</a>.</p>
<b>Expenditure Initiation Authority</b> <i>(Pouvoir d'engager des dépenses)</i>	<p>Expenditure initiation authority is the ability to make decisions to obtain goods or services that will result in the eventual expenditure of public funds, such as the decision to hire staff, order goods and services or authorize travel for program purposes. (Extracted from <a href="#">Financial Administration Principles</a>.)</p>
<b>Extent of Work</b>	<p>1. Definition of "extent of work" under the Omnibus R&amp;O component contract:</p> <p>a) Repair: The identification and correction of those specific defects which degrade the performance of an item causing it to function below the specifications;</p> <p>b) Overhaul: The restoration of an item to its original condition/near life expectancy. It includes the replacement of worn, damaged or life expired parts, the incorporation of approved modifications, and the rework of components as necessary;</p> <p>c) Special Investigation and Technical Studies (SITS): An investigation or study associated with the repetitive failure of a specific (serial number) item within a repair and overhaul line and is not normally applicable to fleet wide studies or investigations. It shall apply to equipment not meeting specification standards or due to repetitive failures;</p> <p>d) Technical Investigation and Engineering Support (TIES): Provides the services necessary for the performance of tasks such as investigative work requiring disassembly of equipment, preparation and incorporation of modification kits, a special testing program (or work of similar nature) and the use of expert specialized technical assistance. It is applicable to fleet wide studies or investigations;</p> <p>e) Mobile Repair Party (MRP): Individual or group of individuals who perform repair work away from a contractor's plant and regional area;</p> <p>f) Interchangeability: Following repair, the article must remain fully interchangeable (form, fit and function) with articles catalogued under the same reference number, part number and of the same modification status. This concept of interchangeability must be extended to include internal characteristics such as wave forms and components layout in order to ensure full compatibility with automatic test equipment software and automatic probing; and</p> <p>g) Reliability and Maintainability: The definition of MIL-STD-721 shall apply.</p> <p>Refer to PAM <a href="#">Annex 3.3.15.A</a>.</p>

<b>File Register</b>	<p>The file register tracks the procurement files from the time they are created and provides enough detail to allow for retrieval of archived files, if required, during their retention period.</p> <p>Refer to <a href="#">PAM 3.4.4</a>.</p>
<b>Financial Administration Act (FAA) section 34</b> <i>(Article 34 de la LGFP)</i>	<p><a href="#">Financial Administration Act section 34</a>, states:</p> <p>(1) No payment shall be made in respect of any part of the public service of Canada unless, in addition to any other voucher or certificate that is required, the deputy of the appropriate Minister, or another person authorized by that Minister, certifies</p> <p>a) in the case of a payment for the performance of work, the supply of goods or the rendering of services,</p> <p>i. that the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged is according to the contract, or if not specified by the contract, is reasonable,</p> <p>ii. where, pursuant to the contract, a payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, that the payment is according to the contract, or</p> <p>iii. where, in accordance with the policies and procedures prescribed under subsection (2), payment is to be made in advance of verification, that the claim for payment is reasonable; or</p> <p>b) in the case of any other payment, that the payee is eligible for or entitled to the payment.</p>
<b>Financial Code</b> <i>(Code financier)</i>	<p>The financial code is made up of the following components:</p> <ul style="list-style-type: none"> <li>• Funds Centre (FC);</li> <li>• Cost Centre (CC);</li> <li>• Fund,</li> <li>• General Ledger (GL); and</li> <li>• Sometimes an Internal Order (IO).</li> </ul>
<b>Foreign Military Sales (FMS)</b> <i>(Ventes de matériel militaire à l'étranger)</i>	<p>Foreign Military Sales is a U.S. Government program through which U.S. Services are allowed to sell common items to authorized countries and agencies (such as NATO). There are three types of contracts, called cases in FMS, used in this program:</p> <ul style="list-style-type: none"> <li>• Defined Order (DO);</li> <li>• Blanket Open End (BOE); and</li> <li>• Co-operative Logistics Supply Support Arrangement (CLSSA), also called COLOG in Canada.</li> </ul> <p>Refer to <a href="#">PAM 3.3.5</a> and <a href="#">PAM 3.3.8</a>.</p>

<p><b>Free Carrier At (FCA)</b></p> <p><i>(Franco transporteur (FCA))</i></p>	<p>The named place following the INCO term Free Carrier At determines the point of transfer.</p> <p>If the named place is the <b>seller's</b> premises, the goods must be loaded on the carrier's vehicle supplied by the <b>buyer</b>;</p> <p>If the named place is the <b>carrier's</b> terminal, delivery is completed when the goods are placed at the disposal of the <b>buyer's</b> chosen carrier, not unloaded.</p> <p>(Reference Incoterms 2000)</p> <p>Refer to PAM <a href="#">Table 3.2.8-1</a>, block: "Transportation (Inbound logistics)"</p>
<p><b>Funds Earmarked (FE)</b></p>	<p>Funds Earmarked (FE), is a document that the PA prepares to:</p> <ul style="list-style-type: none"> <li>• give authority to another DND organization's functional authority to use funds from the PA's budget for a specific purpose;</li> <li>• manage automated payments against a specific G/L (such as travel, civilian and military pay, etc.) in a project office;</li> <li>• manage payments under an MOU or SLA.</li> </ul> <p>An FE formally assigns these funds, in the form of a:</p> <ul style="list-style-type: none"> <li>• funds reservation; or</li> <li>• pre-commitment and/or a commitment.</li> </ul> <p>Refer to <a href="#">PAM 8.0</a>.</p>
<p><b>Goods and Services Tax (GST) / Harmonized Sales Tax (HST)</b></p> <p><i>(Taxe sur les produits et services (TPS) et taxe de vente harmonisée (TVH))</i></p>	<p>GST/HST is identified in all decision documents as a component of project cost. GST/HST does <b>not</b> apply to salaries. The PA applies the GST/HST to the costs of the project (excluding salaries, overtime, contingency on salaries and related Employee Benefit Package/EBP) and includes it in the costing tables.</p>
<p><b>Government Furnished Equipment (GFE)</b></p> <p><i>(Équipement fourni par le gouvernement (EFG))</i></p>	<p>DND-owned equipment provided by DND to a contractor, on a loan agreement, to be used during the contract period and returned in essentially the same condition at the end of the contract. The equipment included in GFE is any equipment used in the production process, such as machine tools, special production tooling, tooling, ground handling equipment, and any other items or equipment that are considered to be in the best interest of DND.</p> <p>Refer to <a href="#">PAM 3.2.14</a></p>
<p><b>Government Furnished Information (GFI)</b></p> <p><i>(Information fournie par le gouvernement (IFG))</i></p>	<p>Any information that DND will provide, on a loan agreement, to the contractor to enable contract fulfillment. This normally includes items such as DND specifications, NATO (North Atlantic Treaty Organization) codification requirements, and Technical Data Packages (TDP).</p> <p>Refer to <a href="#">PAM 3.2.14</a></p>

<b>Government Supplied Materiel (GSM)</b>  <i>(Matériel fourni par le gouvernement (MFG))</i>	<p>DND-owned materiel supplied to a contractor to incorporate into the end product or consumed in the manufacture or maintenance process. GSM is not loaned because it will not be returned as a standalone item.</p> <p>Refer to <a href="#">PAM 3.2.14</a></p>
<b>Green Procurement (GP)</b>  <i>(Achats écologique)</i>	<p>Green procurement involves the mandatory integration of environmental performance considerations, including resources and energy efficiency, in procurement and support processes throughout all stages of its life cycle: requirement identification and planning, acquisition, operation, maintenance and disposal of goods, and real property assets.</p> <p>Refer to <a href="#">PAM 1.10.1</a>.</p>
<b>High-risk Contract</b>  <i>(Contrat à risque élevé)</i>	<p>Any contract meeting all the following risk indicators may be identified as a high-risk contract:</p> <ul style="list-style-type: none"> <li>• Active NDHQ contract over \$1M;</li> <li>• Service contract;</li> <li>• Sole source contract;</li> <li>• Commodity involved: system maintenance, medical services, advertising, or R&amp;O contracts, including bundled requirements (e.g. OWSS, PFC, SSC);</li> <li>• Multiple payment methods (such as progress payments and milestones);</li> <li>• Amendments greater than 30% of contract value.</li> </ul> <p>High-risk contracts are subject to close contract management monitoring and their status must be reported to the DM through ADM (Mat) on quarterly basis.</p> <p>Refer to <a href="#">PAM 3.1.5</a>.</p>
<b>INCOTERMS (International Commercial Terms)</b>  <i>(INCOTERMS (Termes du Commerce International))</i>	<p>International Commercial Terms (Incoterms) are a set of international rules for the interpretation of the key terms used on foreign trade contracts. These rules have been compiled by the International Chamber of Commerce (ICC) to define, as clearly and precisely as possible, sellers' and buyers' responsibilities.</p>
<b>Incremental Personnel, Operations, and Maintenance (P, O &amp; M) Costs</b>  <i>(Coûts différentiels relatifs au personnel, au fonctionnement et à l'entretien (P, F et E))</i>	<p>Standard costs of operating and maintaining the Department's personnel, equipment and facility resources. These are broken into four mutually exclusive cost categories: Military personnel costs, Civilian personnel costs, Equipment operating costs, Facility operating costs.</p>
<b>Initial Provisioning</b>  <i>(Approvisionnement initial (AI))</i>	<p>Initial Provisioning is the process used by DND to identify, select, procure and distribute initial spares support for new equipments. This process ensures that adequate spares support is available during the initial period of in-service use and provides the equipment support details necessary to ensure smooth transition to follow-on support (RP) functions. The final product of IP is the Equipment Support List (ESL). (Extracted from <a href="#">MMI 1630</a>.)</p>



<b>Intellectual Property (IP)</b> <i>(Propriété intellectuelle (PI))</i>	<p>Intellectual Property can be broadly defined as any rights resulting from intellectual activity. These rights can be legally protected by, for example, patents, copyright, trademarks, industrial designs and trade secrets. Each type of legal protection is quite different from another with respect to the type of right it confers. In DND, the most predominant forms of property encountered are <a href="#">patents</a>, <a href="#">copyright</a>, <a href="#">trademarks</a>, and <a href="#">industrial designs</a>.</p> <p>For more information, go to the <a href="#">DIP site</a>.</p> <p>Refer to <a href="#">PAM 3.2.8</a>, <a href="#">Table 3.2.8-1</a>.</p>
<b>Interchangeability</b>	<p>Following repair, the article must remain fully interchangeable (form, fit and function) with articles catalogued under the same reference number, part number and of the same modification status. This concept of interchangeability must be extended to include internal characteristics such as wave forms and components layout in order to ensure full compatibility with automatic test equipment software and automatic probing</p> <p>Refer to PAM <a href="#">Annex 3.3.15.A</a>.</p>
<b>Inventory</b> <i>(inventaire)</i>	<p>Refer to definition in <a href="#">Supply Administration Manual (SAM) 10.1</a></p>
<b>Invitation to Tender (ITT)</b>	<ul style="list-style-type: none"> <li>• A bid solicitation document used by PSPC when:             <ul style="list-style-type: none"> <li>○ The estimated value of the requirement exceeds \$25,000</li> <li>○ Two or more sources are considered capable of supplying the requirement</li> <li>○ The requirement is adequately defined in all respects to permit the evaluation of tenders against clearly stated criteria</li> <li>○ Tenders can be submitted on a common pricing basis</li> <li>○ The intention is to accept the lowest-priced responsive tender without negotiations.</li> </ul> </li> </ul> <p>Refer to <a href="#">PAM 3.5.1</a>.</p>
<b>Inward Loan</b> <i>(Prêt interne)</i>	<p>Inward Loans are loans to DND from agencies outside the Department.</p> <p>Refer to <a href="#">PAM 5.8.6</a>.</p>
<b>Limitation of Liability (LOL)</b> <i>(Limitation de responsabilité (LR))</i>	<p><a href="#">Limitation of liability</a> is the establishment by contract of a predetermined maximum financial responsibility which might be more or less than that imposed by law in the absence of such contractual limitation.</p> <p><i>(TB Policy on LOL, Annex 1– Definitions)</i></p> <p>Refer to <a href="#">PAM 3.3.11</a>, <a href="#">Table 3.3.11-A</a>.</p>
<b>Low Dollar Value Procurement</b>	<p>Requirements below \$25,000, including all applicable taxes, are considered to be low dollar value (LDV) procurements.</p> <p>Refer to <a href="#">PAM 3.3.9</a>.</p>



<b>Mandatory Exemption</b>	<p>Normally requires the institution to refuse to disclose the records in whole or in part. In some instances, mandatory exemptions may be released (for example, if the Department received the consent of the third party affected or if the information is publicly available).</p> <p>Refer to <a href="#">PAM 1.6.4.2</a>.</p>
<b>Memorandum of Understanding (MOU)</b>  <i>(Protocole d'entente (PE))</i>	<p>A memorandum of understanding (MOU) is a written, approved, non-contractual, non-legally-binding, non-legally enforceable arrangement that may be developed at any level within the DND/CAF, whereby DND/CAF and other participants (external to DND) agree to cooperate/collaborate in a project, program or similar undertaking.</p> <p>Approval of an MOU may only be given in accordance with the approval levels set out in the Table in <a href="#">DAOD 7014-1</a>.</p> <p>An MOU is not to be used in place of, or as a, procurement/contracting instrument.</p> <p>An MOU must not be used to circumvent the standard procurement/contracting process and the existing trade agreements.</p> <p><b>Note:</b> Use of an MOU is restricted to arrangements with participants who are external to DND/CAF, and a Service level agreement (SLA) is restricted to arrangements with participants who are internal to DND/CAF.</p> <p>An MOU must be used for arrangements between DND and other federal government departments.</p> <p><b>Note:</b> a federal government department is an organization that is listed in Schedules I, I.1 and II of the Financial Administration Act (FAA).</p> <p>An MOU must not be used for agreements between DND and commercial entities.</p> <p>An MOU or a contract may be used for arrangements between DND and:</p> <ul style="list-style-type: none"> <li>○ Crown Corporations</li> <li>○ Departmental corporations</li> <li>○ Municipal governments</li> <li>○ Provincial governments</li> <li>○ Agencies</li> <li>○ Industry associations</li> <li>○ Foreign governments (however, MOU are more usually signed with foreign governments)</li> </ul> <p>The general rule is if you are able to contract with an entity, a contract should be used as the procurement vehicle. However, an MOU should not be used as a procurement vehicle, nor to avoid application of the procurement rules and legislation to which DND is subject.</p> <p>For further information concerning MOUs, refer to <a href="#">PAM 3.3.13</a>.</p>

<b>Method of Payment</b> <i>(Modalités de paiement)</i>	<p>The method of payment defines how payment is made (i.e. progress claim or invoice).</p> <p>Refer to <a href="#">PAM 3.1.3</a>.</p>
<b>Miscellaneous Requirement (MR)</b> <i>(Besoin divers (BD))</i>	<p>A Miscellaneous Requirement project is defined as a Capital acquisition intended for:</p> <ul style="list-style-type: none"> <li>• The one-time acquisition of new equipment or materiel where the total project value does not exceed \$5M;</li> <li>• The recurring acquisition/ongoing renewal of materiel or an equipment holding, where the individual item value/unit cost does not exceed \$1M and the total project value does not exceed \$5M – this is referred to as a Miscellaneous Recurring Requirement (MRR).</li> <li>• Further conditions applicable to MR projects are: <ul style="list-style-type: none"> <li>○ they do not significantly increase demand on Personnel or O&amp;M</li> <li>○ they have no incremental project management costs</li> <li>○ they have no significant project definition/development costs</li> </ul> </li> </ul>
<b>Mobile Repair Party (MRP)</b>	<p>Individual or group of individuals who perform repair work away from a contractor's plant and regional area</p> <p>There are two types of MRP:</p> <p>A scheduled Mobile Repair Party (MRP); for a scheduled MRP, the PA must follow the DND 626 Task Authorization process outlined in <a href="#">PAM 3.3.2.2</a>.</p> <p>An unscheduled, Immediate Operational Requirement (IOR), extraordinary and exceptional Mobile Repair Party (MRP). The unscheduled IOR MRP happens under exceptional and extraordinary circumstances (for example: pre-deployment preparations for an unexpected extended operational mission) and requires an immediate response from DND.</p> <p>Refer to <a href="#">PAM 3.3.2.5</a> and PAM <a href="#">Annex 3.3.15.A</a>.</p>
<b>Monitor Contract Performance</b>	<p>Monitoring contract performance is a key risk management tool used to ensure that the deliverables (goods and services) and the schedule included in the contract are respected.</p> <p>Refer to <a href="#">PAM 5.3</a>.</p>
<b>NATO Logistic Stock Exchange (NLSE)</b> <i>(Bourse logistique de l'OTAN (NLSE))</i>	<p>The NATO Logistics Stock Exchange (NLSE) is a set of tools developed by NSPA to assist customers and suppliers in putting into practice cooperative logistics concepts for item acquisition and management. These tools allow customers to arrange for the exchange of excess spare parts and to manage commonly held stocks. In addition, the NLSE allows industry to provide sales catalogues of spare parts and to submit bids with a view to supplying specific items that customers require.</p>
<b>No Substitute</b> <i>(Aucun substitution)</i>	<p>The term "No Substitute" is used when a specific brand name or part number is specified as the only acceptable item.</p> <p><b>Note:</b> this is not the same as Limited Tendering (Sole Source) because more than one supplier may offer the requested brand or part number and therefore the buy is</p>

	<p>still competitive.</p> <p>Refer to <a href="#">PAM 3.3.11</a>, <a href="#">Table 3.3.11-A</a>.</p>
<p><b>NSPA (NATO Support and Procurement Agency)</b></p> <p>(NSPA (L'Agence OTAN de soutien et d'acquisition))</p>	<p>A customer-funded agency, operating on a "no profit - no loss" basis. The NSPA is the executive body of the NATO Support and Procurement Organisation (NSPO), of which all</p>
<p><b>NSPO (NATO Support and Procurement Organisation)</b></p> <p>(L'Organisation OTAN de soutien et d'acquisition (NSPO))</p>	<p>A NATO subsidiary body created by the North Atlantic Council with a view to meeting to the best advantage the collective requirements of all or a group of NATO nations in the fields of acquisition, capability, support and logistics provision to NATO and its constituent nations.</p>
<p><b>Operations and Maintenance (O&amp;M)</b></p> <p>(Projets de fonctionnement et d'entretien (F et E))</p>	<p>That portion of the annual budget that provides funds for the goods and services necessary to maintain the Forces.</p>
<p><b>Optimized Weapon System Support (OWSS)</b></p> <p>(Soutien optimisé des systèmes d'armes (SOSA))</p>	<p>The <b>Optimized Weapons System Management (OWSM)</b> is a concept to identify the complete life cycle support requirement of a weapon system and to determine what support should be provided by the department using department personnel and what part should be provided by contracted support. OWSS is the contracted support portion.</p>
<p><b>Outward Loans</b></p>	<p>Outward Loans are loans from DND to agencies outside the department.</p> <p>Refer to <a href="#">PAM 5.8.6</a>.</p>
<p><b>Overhaul</b></p>	<p>The restoration of an item to its original condition/near life expectancy. It includes the replacement of worn, damaged or life expired parts, the incorporation of approved modifications, and the rework of components as necessary</p> <p>Refer to PAM <a href="#">Annex 3.3.15.A</a>.</p>
<p><b>Payrolling</b></p>	<p>Payrolling is defined as "the practice by which firms are instructed by a government department or agency to employ specified individuals who are then assigned to provide services to that department or agency under contract."</p> <p>Refer to <a href="#">PAM 1.8.2</a>.</p>
<p><b>Pre-facilitated Contract (PFC)</b></p> <p>(Contrat préétabli)</p>	<p>A pre-facilitated contract is a multi-year legally binding contract for groups or "bundles" of goods, spares, or services (in any combination) for direct delivery from industry to the client on an "as-and-when-required" basis or to replenish stock where an operational need exists.</p> <p>Refer to <a href="#">PAM 3.3.3</a>.</p>
<p><b>Procurement</b></p>	<p>Procurement is the action of obtaining materiel and/or services to satisfy a requirement following the procurement process defined in PAM 1.2.2 and the procedures outlined throughout the PAM.</p>

	Refer to <a href="#">PAM 1.2.1</a> .
<b>Procurement Authority (PA)</b> (Autorité des achats (AA))	The Procurement Authority is the Procurement/Contracting Officer/Clerk or RC Manager/Administrator who is delegated responsibility for some or all parts of the procurement process.  Refer to <a href="#">PAM 1.3.1</a> .
<b>Procurement Initiation Authority (PIA)</b> (Pouvoir d'enclencher les achats)	Procurement initiation is the delegated authority to approve procurement instruments (PI) to request contracting services from Public Services and Procurement Canada (PSPC) or Defence Construction Canada (DCC).  Refer to <a href="#">PAM 1.4.3</a> .
<b>Procurement Instrument (PI)</b> (Document d'achat (DA))	The procurement instrument is a document requesting contracting services from PSPC or SSC (using the 9200 Requisition Form for goods and services) or from DCC.  Refer to <a href="#">PAM 3.3.11</a> and <a href="#">PAM 3.3.7</a> .
<b>Procurement Milestones</b>	Procurement milestones identify the key steps in the procurement process, from RFP development to contract closeout, with expected completion dates. These milestones are used to plan the necessary work activities, as well as to track and monitor progress.  Refer to <a href="#">PAM 3.1.4</a> .
<b>Procurement Officers/Clerks</b> (Commis et agents des achats)	Procurement Officers/Clerks are incumbents of positions having delegated authority for procurement initiation. Procurement Officers/Clerks have also been delegated certain contracting authorities as identified in the <a href="#">Delegation Matrix</a> and may exercise FAA section 34 authority for payments against contracts when authorized by an RC Manager.
<b>Procurement Process</b> (Processus des achats)	The procurement process begins with the identification of the requirement and the approved funding. It includes all associated contracting, contract management and financial activities required to satisfy that requirement and ends when the procurement files, including associated contracting and financial activities, are closed.  Refer to <a href="#">PAM 1.2.2</a> , and PAM 12.0.
<b>Procurement Review</b> (Examen des acquisitions)	The objective of the government's 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 overall procurement policy, and with Canada's obligations under its international and domestic trade agreements. To achieve this objective, most procurement in excess of \$2 million and R&O procurement with an expected cash flow greater than \$500K must be reviewed for potential regional and industrial benefits.  Refer to <a href="#">PAM 3.1</a> .
<b>Procurement Risk</b> (Risque lié à l'achat)	Procurement risk identifies factors that may impact the schedule or cost of procurement, such as the selected procurement strategy, procurement method or pricing strategy.  Refer to <a href="#">PAM 3.1.5</a> .

<b>Procurement Functional Specialist</b>  <i>(Spécialiste fonctionnel des acquisitions)</i>	<p>The « Procurement Functional Specialists» include employees who carry out roles and responsibilities that require function-specific knowledge, skills and attributes in the area of procurement. A procurement functional specialist is responsible for the planning and acquisition of one or more of the following: materials, supplies, equipment, properties, capabilities or services to support the delivery of government programs that provide the best value to the Crown and the Canadian people.</p> <p>Refer to <a href="#">PAM 1.4.2.2</a>.</p>
<b>Procurement Strategy</b>  <i>(Stratégie d'achat)</i>	<p>Procurement strategy is the process that defines and plans the procurement of goods and services to satisfy a department's needs or solve an operational problem. It sets out the procurement approach to be used, adhering to requirements of government procurement policies.</p> <p>Refer to <a href="#">PAM 3.1.1</a>.</p>
<b>Progress Review Meeting (PRM)</b>	<p>The purpose of PRMs is to periodically review current progress against planned or expected progress indicated in the contract. The meetings may be scheduled or unscheduled and can take different forms depending on the type, complexity and duration of the contract.</p> <p>Refer to <a href="#">PAM 5.4.2.2</a>.</p>
<b>Project Authority</b>  <i>(Chargé de projet)</i>	<p>The Project Authority Is a person with authority to make decisions on behalf of the project and will be either the PM or the PD, or someone delegated by them, depending on the status of the project.</p> <p>Refer to <a href="#">PAM 1.3.1</a>.</p>
<b>Project Brief</b>  <i>(Énoncé de projet)</i>	<p>The Project Brief is a mandatory document that accompanies the MCP's SS(PPA)/SS(EPA) submission to TB. While not mandatory for non-MCP projects, a Project Brief may be useful for complex and significant projects.</p> <p>The Project Brief provides a summary of the full scope of the project and is the basis for drafting the TB submission.</p> <p>Refer to <a href="#">PAM 1.3.1</a>, <a href="#">PAM 1.3.2</a>, <a href="#">ANNEX 3.3.11.C-2</a> Establishment of Third Line Repair and Overhaul (R&amp;O) Support</p>
<b>Project Director (PD)</b>  <i>(Gestionnaire de projet (GP))</i>	<p>The Project Director, the project sponsor's working representative, provides guidance and direction for other working level staffs on matters relating to project aims.</p> <p>(Extracted from Lexicon <a href="#">Project Director</a>.)</p>
<b>Progress Payments</b>	<p>A payment made by, or on behalf of, the Crown under the terms of a contract, after the performance of the part of the contract in respect of which the payment is made, but before the performance of the whole contract (TB Contracting Policy, section 12.2.4). Contract terms must be monitored to ensure that progress payments (also called milestones payments) reflect delivery schedules and appropriately relate to the value of the deliverable.</p> <p>Refer to <a href="#">PAM 3.1.3</a>.</p>
<b>Project Identifications</b>	<p>Provides DPM Secur the valuable information about the existence of a project</p>

<b>Document (PID)</b>	<p>and/or project phase;</p> <p>Indicates the level of security involvement that is likely to be required.</p> <p>Refer to <a href="#">PAM 1.7.3.3</a>.</p>
<b>Project Manager (PM)</b> <i>(Gestionnaire de projet (GP))</i>	<p>The Project Manager is a person formally appointed to manage a project, who has specific accountability for achieving defined project objectives within allocated resources.</p> <p>(Extracted from Lexicon <a href="#">Project Manager</a>.)</p> <p>Refer to <a href="#">PAM 1.3.2</a>.</p>
<b>Quality Assurance Representative (QAR)</b> <i>(Représentant de l'assurance de la qualité (RAQ))</i>	<p>The Quality Assurance Representative is a person who performs Government Quality Assurance (GQA) on contracts, incorporating an assessment of materiel and supplier risk, to assure that suppliers provide materiel and services that are fit for their intended purpose and meet departmental needs.</p> <p>Refer to <a href="#">PAM 1.3.3</a>.</p>
<b>Record</b>	<p>Any Documentary material, regardless of medium or form.</p> <p>Refer to <a href="#">PAM 1.6.3</a>.</p>
<b>Record of Payment Form</b>	<p>Provides a complete list of deliverables associated with this procurement file and record their associated receipt and payment dates. Must be kept on file with either the contract or its associated taskings, or both (with any contract document that has scheduled deliverables).</p> <p>Refer to <a href="#">PAM 3.4.7</a>.</p>
<b>Regional Departmental Accounting Office (RDAO) Comptroller</b> <i>(Contrôleur du Bureau régional de comptabilité ministérielle (BRCM))</i>	<p>The Regional Departmental Accounting Office (RDAO) Comptroller is the senior financial officer assigned to a departmental accounting office, who will be held accountable for financial matters as defined in the Financial Administration Manual.</p>
<b>Repair</b> <i>(Réparation)</i>	<p>The identification and correction of those specific defects which degrade the performance of an item causing it to function below the specifications</p> <p>Refer to PAM <a href="#">Annex 3.3.15.A</a>.</p>
<b>Repair and Overhaul (R&amp;O)</b> (Also called: Military Repair and Overhaul (R&O)) <i>(Réparation et révision militaires (R&amp;R))</i>	<p>Materiel held by the CAF/DND must be maintained in a serviceable state to ensure that it is available to meet operational demands. While the responsibility for first-level and second-level repairs is vested within operating units and bases, third-level repairs (those repairs beyond the capabilities of units and bases) are administered by ADM(Mat) Equipment Program Management (EPM) and Equipment Program Support (EPS) divisions under the R &amp; O program.</p> <p>The following distinction is made between repair and overhaul:</p>

a. Repair. The maintenance of an item of equipment in order to return it to a serviceable condition.

b. Overhaul. The complete restoration of an item of equipment entailing replacement of both worn and damaged parts or parts whose service life has expired.

In general, repair normally involves the correction of specific defects. Overhaul is normally carried out after the expiry of the service life.

Repair and modification kits containing items subject to shelf-life control shall be assigned a shelf-life expiry date equal to the earliest expiry date of a shelf-life-assigned component contained therein. These items should also be reviewed periodically and, where appropriate, extend the shelf life.

Repair and Overhaul support services are all those services which are performed at a contractor's facility or elsewhere by Mobile Repair Parties (MRP) for the diagnostic inspection, repair and overhaul and testing of the applicable equipment, including modification and reduction to spares, provision of spares support and component repair.

Other services that are included in support of Repair and Overhaul programs and of Software Maintenance include:

- technical investigations;
- engineering studies;
- document support;
- configuration management;
- structural life-monitoring programs; and
- first and second line maintenance services.

To assist in the understanding of this definition, the elements are further defined as follows:

i. Provision of Spares Support: a component of a major assembly that is repaired and held in inventory to be used on a replacement basis when an unserviceable component is found on the major assembly during repair and overhaul. This includes the procurement of Contractor Furnished and Accountable Advance Spares;

ii. Software Maintenance: the monitoring, correction, up-date and validation of software. Frequently with modern advanced systems, the faults detected during repair and overhaul are attributed to problems with the software interface between units and it is therefore an essential R&O function;

iii. Technical Investigations and Engineering Studies (TIES): studies undertaken by an R&O contractor to analyze failure modes, develop repair schemes, develop improved processes for repair, investigate localized stress or corrosion, and to develop improved methods for managing and/or controlling R&O activities;

iv. Document Support: conduct of publications revision services, generation of modification leaflets, and up-dates to technical orders. These services are



	<p>normally conducted by the R&amp;O contractor having the technical cognizance for the major equipment or components;</p> <p>v. <b>Structural Life Monitoring Programs:</b> programs established to monitor the rate of fatigue of an airframe or major component in order to predict the useful life of the airframe or component. These programs are essential to the R&amp;O activities in order to identify areas requiring special inspections for fatigue cracks or excessive wear; and,</p> <p>vi. <b>Configuration Management:</b> programs to maintain and control the item configuration of major assemblies and components with the spares and document support.</p> <p>Refer to PAM <a href="#">Annex 3.3.11.C</a>.</p>
<p><b>Repair and Overhaul (R&amp;O) Advisory Committee (ACRO)</b></p> <p><i>(Comité consultatif de la réparation et de la révision (CCRR))</i></p>	<p>The Advisory Committee on Repair and Overhaul (ACRO) has been replaced by the Defence Procurement Strategy Governance Committees and Procurement Review Committee (PRC)</p> <p>Refer to <a href="#">PAM 3.1.8.5</a>.</p>
<p><b>Request for Proposals (RFP)</b></p>	<p>A solicitation method used to procure goods and services that, while generally used for requirements of \$25,000 or more, is often employed for requirements where the selection of a supplier cannot be made solely on the basis of the lowest price. An RFP is used to procure the most cost-effective solution based upon evaluation criteria identified in the RFP.</p> <p>Refer to <a href="#">PAM 3.5.1</a> or <a href="#">PAM 3.6.3</a>.</p>
<p><b>Request for Quotes (RFQ)</b></p>	<p>An RFQ is used in a competitive process to solicit quotations for price and delivery from suppliers for well-defined goods (below \$5K excluding taxes), or for simple services described in a SOW (below \$25K including taxes).</p> <p>Refer to <a href="#">PAM 3.6.1</a>.</p>
<p><b>Requisition Summary Sheet</b></p>	<p>Provides a history of the requirement and serves as a reference when the procurement file is circulated for approval and when and if the file is audited.</p> <p>Refer to <a href="#">PAM 3.4.5.1</a>.</p>
<p><b>Responsibility Centre (RC) Administrator</b></p> <p><i>(Administrateur de centre de responsabilité)</i></p>	<p>A Responsibility Centre Administrator is an incumbent of a position having the written authority from the Responsibility Centre (RC) Manager to perform some or all of the administrative functions on their behalf. (Extracted from <a href="#">Delegation of Authorities for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF)</a>, Chapter 6 Position Titles, paragraph 6.5 RC Administrators.)</p>
<p><b>Responsibility Centre (RC) Manager</b></p> <p><i>(Gestionnaire de centre de responsabilité)</i></p>	<p>The Responsibility Centre Manager is the incumbent of a position that is allocated a budget and who has spending authority under the Financial Administration Act (FAA) for this budget. (Extracted from <a href="#">Position Titles</a>, section of CAF A-FN-100-002/AG-006.)</p>



<b>Revenue Dependency (RD)</b>  <i>(Autofinancement)</i>	<p>Also called Cost recovery, occurs when there is an agreement between one (or more) government department(s) to pay the salary and/or related operating costs of an employee of another government department in order to provide support to a specific requirement for a set period of time. The agreement is in the form of a Service Level Agreement or the more commonly used MOU.</p> <p>Refer to <a href="#">PAM 1.9.2</a>.</p>
<b>Scientific Authority (SA) / Technical Authority (TA)</b>  <i>(Responsable des questions scientifiques (RQS) / Responsable technique (RT))</i>	<p>The Scientific Authority often referred to as the Technical Authority is the individual responsible for providing information, guidance and advice on the scientific/technical aspect of a product.</p> <p>(Extracted from the <i>PSPC Supply Manual Glossary</i>.)</p> <p>Refer to <a href="#">PAM 1.3.2</a>.</p>
<b>Section Head</b>	<p>A Procurement Officer at the level of Section Head / Team Leader is usually occupied by an individual classified as a PG (civilian) at the level of no less than PG6 (or another classification at an equivalent level) or a military Officer at the rank of no less than a Major / LCdr.</p> <p>Refer to PAM Table 1.4.B-1.</p>
<b>Security Requirements Checklist (SRCL)</b>	<p>The goal of the SRCL is to communicate to the defence industry and other concerned agencies the DND security requirements that must be applied during research, development, manufacture, maintenance, production and procurement of military equipment and infrastructure whose existence, components or performance are classified/designated.</p> <p>Refer to <a href="#">PAM 1.7</a></p>
<b>Senior Project Advisory Committee (SPAC)</b>  <i>(Comité consultatif supérieur de projet (CCSP))</i>	<p>The SPAC has been replaced by the Defence Procurement Strategy Governance Committees.</p> <p>Refer to <a href="#">PAM 3.1.8.6</a>.</p>
<b>Senior Review Board (SRB)</b>  <i>(Comité supérieur de revision)</i>	<p>The SRB is an internal DND committee that is tailored for each project by mutual agreement of the stakeholders and is documented in the Project Charter.</p> <p>Refer to <a href="#">PAM 1.3.1</a>.</p>
<b>Sole-source requisition</b>  <i>(Fournisseur unique)</i>	<p>Where the customer department specifies a particular supplier of a product or service as being the only one acceptable in accordance with Government Contract Regulations, Part I, paragraph 6.</p>
<b>Solicitation of Interest (SOI)</b>  <i>(Demande de manifestation d'intérêt (DMI))</i>	<p>Solicitation of Interest</p> <p>Refer to <a href="#">PAM 3.6.3.3</a> (c).</p>
<b>Special Investigation and Technical Studies (SITS)</b>	<p>An investigation or study associated with the repetitive failure of a specific (serial number) item within a repair and overhaul line and is not normally applicable to fleet wide studies or investigations. It shall apply to equipment not meeting specification standards or due to repetitive failures;</p>

	Refer to PAM <a href="#">Annex 3.3.15.A</a> .
<b>Standing Offer (SO)</b> <i>(Convention d'offre à commande (COC))</i>	<p>A standing offer is an offer from a potential supplier to supply goods, services, or both, on the pricing basis and under the terms and conditions stated in the standing offer. It is intended to be open for acceptance by means of call-ups during a specified period. A standing offer is not a contract.</p> <p>Refer to <a href="#">PAM 3.3.1</a>.</p>
<b>Statement of Work (SOW)</b> <i>(Énoncé de travail (ET))</i>	<p>The statement of work is a document that clearly describes the work to be carried out, the objectives to be attained and the time frame. The type, magnitude and complexity of the work determine the degree of detail required. (Extracted from <a href="#">TB Contracting Policy, article 16.1.</a>)</p> <p>Refer to <a href="#">PAM 3.2.7</a>.</p>
<b>Supply Arrangement (SA)</b> <i>(Arrangement en matière d'approvisionnement (AMA))</i>	<p>Supply arrangements are non-binding agreements between PSPC and suppliers to provide a range of goods and more commonly, services on an "as required" basis. They are lists of pre-qualified suppliers for certain services with a set of predetermined terms and conditions that will apply to subsequent contracts.</p> <p>Under a supply arrangement, the supplier makes an offer in response to a department's RFP. Bids are solicited only from suppliers listed in the supply arrangement. The prearranged terms and conditions and general requirements of the supply arrangement apply. Only the specific department requirements and the price must be agreed to. (Supply arrangements include ceiling prices and the user is expected to negotiate prices downward).</p> <p>A legal contract does not exist between the Crown and the supplier until the supply arrangement Solicitation/Contract for Non-consulting Services has been fully completed as an offer by the supplier and accepted by the DND.</p> <p>Refer to <a href="#">PAM 3.3.4</a>.</p>
<b>Task Authorization Contract DND 626</b> <i>(Contrat d'autorisation de travail MDN 626)</i>	<p>A task authorization contract is a contract which contains the authority for DND to task some or all of the work to be completed by the contractor on an "as and when requested" basis through the issuance of a DND 626 task authorization.</p> <p>(Note The DND 626 form may be found in the <a href="#">Defence Forms Catalogue</a> and is the same as the DND 626 release order printout from DRMIS.)</p> <p>Refer to <a href="#">PAM 3.3.2</a>.</p>
<b>Task Tracking Document</b> <i>(Fiche de suivi des tâches)</i>	<p>Provide a complete list of tasks associated with a contract. Required only for those contracts that will have taskings/call-ups.</p> <p>Refer to <a href="#">PAM 3.4.7</a>.</p>
<b>TB Submission</b> <i>(Présentation au Conseil du Trésor)</i>	<p>A Treasury Board submission is an official document submitted by the minister on behalf of the Department to seek approval or authority from the TB minister to carry out a proposal that the Department would not otherwise be able to undertake or authorize.</p>
<b>Technical Authority (TA) / Scientific Authority (SA)</b>	<p>The Technical Authority/Scientific Authority is the individual responsible for providing information, guidance and advice on the technical/scientific aspect of a</p>

<i>(Responsable technique (RT) / Responsable des questions scientifiques (RQS))</i>	<p>product.</p> <p>(Extracted from the <i>PSPC Supply Manual Glossary</i>.)</p> <p>Refer to <a href="#">PAM 1.3.2</a>.</p>
<p><b>Technical Data Package (TDP)</b></p> <p><i>(Jeu de documents techniques (JDT))</i></p>	<p>The Technical Data Package consists of:</p> <ul style="list-style-type: none"> <li>• Drawings and parts lists and software documentation needed to operate and maintain the system and to perform configuration management during the in-service phase;</li> <li>• Supplementary Provisioning Technical Data (SPTD) needed for cataloguing;</li> <li>• Proprietary rights data;</li> <li>• Nomenclature and identification plate data;</li> <li>• Fitted equipment and loose items list and minimum equipment list; and</li> <li>• Technical publications.</li> </ul> <p>Refer to <a href="#">PAM 3.3.11</a>, <a href="#">Table 3.3.11-A</a>, 3rd block.</p>
<p><b>Temporary Help Services (THS)</b></p> <p><i>(Service de travail temporaire)</i></p>	<p>Temporary help is used when there is a need to temporarily fill public servant vacancies:</p> <ul style="list-style-type: none"> <li>• During staffing action;</li> <li>• When a public servant is absent for a short period: or</li> <li>• When there is a temporary workload increase for which insufficient staff is available.</li> </ul> <p>(Extracted from <a href="#">Notes to Authorities</a>.)</p> <p>Refer to <a href="#">PAM 3.3.1</a>.</p>
<p><b>Transaction Authority</b></p>	<p>Includes all of the authorities captured by `contracting authority` in addition to legal entitlements that are not set out in contracts.</p>

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## **10.0 PAM FREQUENTLY ASKED QUESTIONS**

CHAPTER CONTENTS HAVE BEEN REMOVED - RESERVED FOR FUTURE USE (Revision 99).

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## **11.0 INDEX**

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## **12.0 PROCUREMENT AND CONTRACTING PROCESS MODEL**

CHAPTER CONTENTS HAVE BEEN REMOVED - RESERVED FOR FUTURE USE (Revision 100).

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## 13.0 ABBREVIATIONS AND ACRONYMS

**Note:** Abbreviations and acronyms in green are related to Green procurement.

\$BY	Budget-year Dollars
\$CY	Constant-year Dollars
202 WD	202 Workshop Depot
3Rs	Reduce, Reuse and Recycle
<b>A</b>	
AAS	Accountable Advanced Spares
ACAN	Advance Contract Award Notice
ACOA	Atlantic Canada Opportunities Agency
ACRO	Advisory Committee on Repair & Overhaul has been replaced by DPS Governance Committees
ADM (Fin CS)	Assistant Deputy Minister (Finance & Corporate Services)
ADM (IE)	Assistant Deputy Minister (Infrastructure and Environment)
ADM (IM)	Assistant Deputy Minister (Information Management)
ADM (Mat)	Assistant Deputy Minister (Materiel)
ADM (PA)	Assistant Deputy Minister (Public Affairs)
ADM (Pol)	Assistant Deputy Minister (Policy)
ADM (S&T)	Assistant Deputy Minister (Science & Technology)
ADR	Alternative Dispute Resolution
AECA	Arms Export Control Act
AETE	Aerospace Engineering Test Establishment
AIRCOM	Air Command
AOF	Auto Order Flag
<b>ARET</b>	<b>Accelerated Reduction / Elimination of Toxics</b>

ASD	Alternate Service Delivery
ATI	Access to Information
ATIA	Access to Information Act
ATIR	Access to Information Request
AWR	Additional Work Required
<b><u>B</u></b>	
B1	Buyer Commentary
BATUS	British Army Training Unit, Suffield
BI	Bonded Inventory
BOE	Blanket Open End
BP	Business Plan
BSD	Basic Support Document
BY	Budget-year dollars
<b><u>C</u></b>	
CA	Contracting Authority
CANSOFCOM	Canadian Special Operations Forces Command
CARC	Chemical Agent Resistant Costings
CAS#	Chemical Abstract Service Number
CCRB	Contract Claims Resolution Board
CDAB	Contract Disputes Advisory Board
CDMS	Contract Data Management System
CDRL	Contract Data Requirements List
CDS	Chief of Defence Staff

CDWT	Contracting Direct With Trade
CEAA	Canadian Environmental Assessment Act
CED	Central Economic Development
CED(Q)	Canada Economic Development for Quebec Regions
CEPA	Canadian Environmental Protections Act
CETA	Canada-European Union Comprehensive Economic and Trade Agreement
CAF	Canadian Armed Forces
CFB	Canadian Forces Base
CFFM	Canadian Forces Fire Marshal
CFHA	Canadian Forces Housing Agency
CFM	Cost Factors Manual
CFPM	Canadian Forces Provost Marshal
CFSD	Canadian Forces Supply Depot
CFSD/OCRS	Canadian Forces Supply Depot / Out-of-Country Repair Section
CFSU	Canadian Forces Support Unit
CFSU (O)	Canadian Forces Support Unit (Ottawa)
CFTA	Canadian Free Trade Agreement
CGCS	Canadian Government Cataloguing System
CGD	Controlled Goods Directorate
CGRP	Controlled Goods Registration Program
CID	Capability Initiatives Database
CIDA	Canadian International Development Agency
CIPMMI	Canadian Institute for Procurement and Materiel Management Institute
CIRNAC	Crown-Indigenous Relations and Northern Affairs Canada
CIS	Contract Issue Spares

CITT	Canadian International Trade Tribunal
DND/CF LA	Department of National Defence/Canadian Forces Legal Advisor
CJOC	Canadian Joint Operations Command
CLC	Canada Labour Code
CLCA	Comprehensive Land Claim Agreement
CLSSA	Co-operative Logistics Supply Support Arrangement
CMJ	Chief Military Judge
CMP	Configuration Management Plan
CMSG	Canadian Material Support Group
CMTC	Canadian Manoeuvre Training Center
CO	Commitment
CoC	Chain of Command
COLOG	Cooperative Logistics
COS	Chief of Staff
COTS	Commercial off the Shelf
CPAO	Civilian Personnel Administrative Order
CR	Committee Reports
CRPA	Contract Repair Parts Account
CRS	Chief Review Services
CSB	Contracts Settlement Board
CSE	Communications Security Establishment
CSPS	Canadian School of Public Service
CTAT	Controlled Technology Access and Transfer
CTC	Combat Training Center
CY	Constant dollars

<u><b>D</b></u>	
D Cab Ln	Directorate Cabinet Liaison
D Maj Proc	Director Major Procurement
D Svcs C	Director Services Contracting
DAEME	Directorate of Ammunition Management and Engineering
DAER	Directorate of Ammunition and Explosives Regulation
DAIP	Directorate Access to Information Privacy
DAOD	Defence Administration Orders & Directive
DAP	Director Aerospace Procurement
DBM	Directorate Business Management
DCC	Defence Construction Canada
DCDS	Deputy Chief of Defence Staff
DDIR	Directorate of Defence Industrial Resources
DDL	Design Data List
DDSAL	Directorate Disposal Sales Artefacts and Loans
DES Proc	Director Electronic Systems Procurement
DEWG	DGLPEM Environmental Working Group
DFAIT	Foreign Affairs and International Trade Canada
DFO	Department Fisheries and Oceans
DFPP	Director Financial Policy and Procedures
DG	Director General
DGAEPM	Director General Aircraft Equipment Program Management
DGIIP	Director General International and Industrial Programs
DGLEPM	Director General Land Equipment Program Management

DGM	Director General Marketing
DGMEPM	Director General Maritime Equipment Program Management
DGMPD	Director General Major Projects Division
DGMSSC	Director General Materiel Systems Supply Chain
DGPASP	Director General Public Affairs and Strategic Planning
DIAC	Directorate of International Armaments Cooperation
DID	Data Item Description
D Svcs C	Director Integrated Logistics & Procurement
DIN	Defence Information Network
DIRAP	Directorate of Industry Relations, Analysis and Policy
DISO	Departmental Individual Standing Offer
DLP	Director Land Procurement
DM	Deputy Minister
DMarP	Director Maritime Procurement
DMG Compt	Director Materiel Group Comptrollership
DMPP	Directorate Materiel Policy and Procedures
DMPS	Director Major Project Services
DND	Department of National Defence
DoA	Delegation of Authorities
DOCC	Defence Oversight Committee on Contracting
DoD	Department of Defence
DP	Defence Plan
DPL	Deputy Project Leader
DP&M	Defence Planning & Management
DPM Secur	Deputy Provost Marshall Security



DPR	Departmental Performance Report
DPS	Defence Procurement Strategy
DQA	Director Quality Assurance
DRDC	Defence Research Development Canada
DRMIS	Defence Resource Management Information System
DRP	Direct Requisitioning Procedure
DSCO	Director Supply Chain Operations
DSCS	Directorate Strategic Corporate Services
DSFC	Director Strategic Finance and Costing
DSM	Defence Security Manual
DSP	Defence Services Program
DWAN	Defence Wide Area Network
DWT	Direct With Trade
<b><u>E</u></b>	
EA	Environmental Assessment
E/E	Employee/Employer Relationship
E-Status	Effective Project Completion Stage
EBP	Employee Benefit Package
ECP	Establishment Change Proposals
ECS	Environmental Chief Staff
EHS	Environment, Health and Safety
EHSIR	Environment, Health and Safety Impact Report
EHSMS	Environment, Health and Safety Management System
EM	Economic Model

EMO	Equipment Movement Order
EMS	Expenditure Management System
EMT	Equipment Management Team
EPA	Effective Project Approval
EPC	Effective Project Completion
EPM	Equipment Program Management
ERP	Enterprise Resource Planning
<b><u>E</u></b>	
FAA	Financial Administration Act
FAM	Financial Administration Manual
FAQ	Frequently Asked Questions
FCA	Free Carrier
FE	Funds Earmarked (previously called Financial Encumbrance)
FED AA	Federal Accountability Act
<b>FHR</b>	<b>Federal Halocarbon Regulations</b>
FMF	Financial Management Framework
FMS	Foreign Military Sales
FOB	Free on Board
FOC	Full Operational Capability
FPA	Forward Purchase Agreement
FR	Funds Reservation
FTA	Free Trade Agreement
FTE	Full Time Equivalent
FY	Fiscal Year

<b><u>G</u></b>	
G/L	General Ledger
G&A	General and Administrative
GCPO	Government of Canada Purchase Order
GCR	Government Contracts Regulations
GETS	Government Electronic Tendering Service
GFE	Government Furnished Equipment
GFI	Government Furnished Information
GFOS	Government Furnished Overhaul Spares
GFR	Government Furnished Resources
GIC	Governor in Council
GOCO	Government Owned Contractor Operated
GP	Green Procurement
GQA	Government Quality Assurance
GSM	Government Supplied Materiel
GSP	Government Security Policy
GST	Goods & Services Tax
GWP	Global Warming Potential
<b><u>H</u></b>	
HazMat	Hazardous Material
HMRA	Hazardous Material Reference Application
HPR	High Priority Request
HR	Human Resources

HST	Harmonized Sales Tax
I	
IARC	International Arrangements Review Committee
IC	Industry Canada
ID	Identification
IFRD	Inuit Firm Registry Database
ILS	Integrated Logistical Support
IM/IT	Information Management / Information Technology
INAC	Indian and Northern Affairs Canada
INCO	International Chamber of Commerce
IOC	Initial Operational Capability
IOR	Immediate Operational Requirement
IP	Initial Provisioning
IP	Intellectual Property
IPT	Integrated Project Team
IRB	Industrial and Regional Benefits
I Status	Project Close out stage
ISD SQN	Information Services Delivery Squadron
ISO	International Organization for Standardization
ISS	In-Service Support
ISSC	In-Service Support Contract
ISSS	In-Service Support System
ITAR	International Traffic in Arms Regulation
ITT	Invitation to Tender

<b><u>J</u></b>	
JAG	Judge Advocate General
JBNQA	James Bay and Northern Quebec Agreement
JCRB	Joint Capabilities Requirement Board
<b><u>L</u></b>	
LCC	Learning and Career Center
LCMM	Life Cycle Materiel Manager
LCQM	Life Cycle Quality Manager
LDV	Low Dollar Value
LFDTs	Land Forces Doctrine and Training System
LOA	Letter of Acceptance
LOD	List of Deliverables
LOE	Level of Effort
Log SOW	Logistic Statement of Work
LOI	Letter of Interest
LOL	Limitation of Liability
LTCP	Long Term Capital Plan
<b><u>M</u></b>	
MAF	Management Accountability Framework
MA&S	Material Acquisition and Support
MC	Memoranda to Cabinet
MCP	Major Crown Project

MI	Materiel Identification
Mil & Civ	Military and Civilian
MIS	Management Information System
Misc RMR	Miscellaneous Repairable Materiel Request
MMI	Material Management Instruction
MMTC	Materiel Management Training Centre
MND	Minister of National Defence
MOTS	Military off the Shelf
MOU	Memorandum of Understanding
MR	Miscellaneous Requirement
MRC	Maximum Repair Cost
MRP	Mobile Repair Party
MRR	Miscellaneous Recurring Requirement
MRRS	Management, Resourced and Results Structure
MSDS	Material Safety Data Sheet
MSL	Master Selection List
MSP	Munitions Supply Program
<b><u>N</u></b>	
NAFTA	North American Free Trade Agreement
NAMSA	NATO Maintenance and Supply Agency
NATO	North Atlantic Treaty Organization
NBC	Nuclear Biological Chemical
NCM	Non-Commissioned Member
NCR	National Capital Region

NDHQ	National Defence Headquarters
NDSI	National Defence Security Instructions
NDSP	National Defence Security Policy
NETE	Naval Engineering Test Establishment
NGO	Non Government Organization
NISO	National Individual Standing Offer
NLSE	NATO Logistics Stock Exchange
NMSO	National Master Standing Offer
NORAD	North American Aerospace Defence
NP	National Procurement
NPOC	National Procurement Oversight Committee
NQAA	National Quality Assurance Authorities
NRC	National Research Council
NSE	National Security Exception
NSN	NATO Stock Number
NSPA	NATO Support Agency
NSS	National Search and Rescue Secretariat
<u><b>O</b></u>	
O&M	Operation & Maintenance
OAG	Office of the Auditor General
OCI	Office of Collateral Interest
OCRS	Out-of-Country Repair Section
ODP	Ozone Depleting Potential
ODS	Ozone Depleting Substances

ODSR	Ozone Depleting Substances Regulations
OGD	Other Government Departments
OHSAS	Occupational Health and Safety Assessment Series
OL	Official Languages
OPI	Office of Primary Interest
OPO	Office of the Procurement Ombudsman
OWSM	Optimized Weapon System Management
OWSS	Optimized Weapons System Support
<b><u>P</u></b>	
P&A	Price and Availability
PA	Procurement Authority
PAA	Program Activity Architecture
PAD	Project Approval Directive
PAD	Propellant Actuated Devices
PAL	Procurement Administration List
PAM	Procurement Administration Manual
PAYE	Payables At Year End
PB	Project Brief
PB(DE)	Project Brief Definition
PB(ID)	Project Brief Identification
PB(OA)	Project Brief Options Analysis
PC	Pre-Commitment
PC	Project Charter
PCB	Polychlorinated Biphenyls



PCO	Privy Counsel Office
PCR	Project Completion Report
PCRA	Project Complexity and Risk Assessment
PD	Project Director
PFM	Procurement and Finance Manager
PI	Procurement Instrument
PIA	Procurement Initiation Authority
PID	Project Identification Document
PIP	Project Implementation Plan
PM	Project Manager
PMB	Project Management Board
PMC	Procurement Manager/Comptroller
PMO	Project Management Officer
PMP	Project Management Plan
PMPR	Project Management Personnel Resources
P,O & M	Personnel, Operations and Maintenance
POR	Public Opinion Research
PORA	Project Opportunity and Risk Assessment
PRC	Procurement Review Committee
PRM	Progress Review Meeting
PS	Professional Services
PSAB	Procurement Strategy for Aboriginal Business
PSC	Procurement Strategy Committee
PSPC	Public Services and Procurement Canada
PST	Provincial Sales Tax

PWGSC	Public Works and Government Services Canada
PY	Person Year
<b><u>Q</u></b>	
QAM	Quality Assurance Manager
QAR	Quality Assurance Representative
QETE	Quality Engineering Test Establishment
QST	Quebec Sales Tax
<b><u>R</u></b>	
R&D	Research and Development
R&O	Repair and Overhaul
RC	Responsibility Center
RCMP	Royal Canadian Mounted Police
RCO	Record Control Officer
RD	Records of Cabinet Decisions
ROD	Record of Decision
ROM	Rough Order of Magnitude
RDV	Request for Data Verification
RFP	Request for Proposal
RFQ	Request for Quote
RISO	Regional Individual Standing Offer
RMA	Repair Materiel Accounts
RMR	Repairable Materiel Request
RMSO	Regional Master Standing Offer

ROB	Recommended Order Buy
ROD	Record of Decision
ROM	Rough Order Magnitude
RPP	Reports on Plans and Priorities
<b><u>S</u></b>	
SA	Scientific Authority
SA	Supply Arrangement
SACC	Standard Acquisition Clauses and Conditions
SAF	Spending Authorization Form
SAR	Search and Rescue
SC	Stock Code
SCIP	Strategic Capability Investment Plan
SITS	Special Investigations & Technical Studies
SLA	Service Level Agreement
SM	Supply Manager
SNAL	Selection Notice Amendment List
SNAPS	Selection Notice and Priority Summary
SNOM	Selection Notice Observation Messages
SO	Standing Offer
SOI	Solicitation of Interest
SOO	Statement of Objectives
SOP	Standard Operating Procedures
SOR	Statement of Requirement
SOW	Statement of Work

SPAB	Set Aside Program for Aboriginal Business
SPAC	Senior Project Advisory Committee - has been replaced by the DPS Governance Committees
SPINS	Special Instructions
SRB	Senior Review Board
SRCL	Security Requirements Checklist
SRR	Store Removal Request
SS	Source of Supply
SS	Synopsis Sheet
STTE	Special Tools and Test Equipment
SWE	Salary Wage Envelope
SWOT	Strenghts, Weaknesses, Opportunities and Threats
<b>I</b>	
T-Buy	Telephone Buy
Ts&Cs	Terms & Conditions
TA	Technical Authority
TAN	Travel Authority Numbers
TB	Treasury Board
TBS	Treasury Board Secretariat
TC	Transport Canada
TDP	Technical Data Packages
THS	Temporary Help Services
TIES	Technical Investigation and Engineering Support
TOR	Terms of Reference
TRA	Threat and Risk Assessment

<b><u>U</u></b>	
U of I	Unit of Issue
UCR	Unsatisfactory Condition Reports
UN	United Nations
US DoD	United States Department of Defence
USS	Unit Security Supervisor
<b><u>V</u></b>	
VCDS	Vice-Chief of the Defence Staff
VCR	Visit Clearance Request
VEC	Valued Ecosystem Component
VOCs	Volatile Organic Compounds
<b><u>W</u></b>	
WBS	Work Breakdown Structure
WEDC	Western Economic Diversification Canada
WHMIS	Workplace Hazardous Materials Information System
WSM	Weapons Systems Manager
WTO- AGP	World Trade Organization – Agreement on Government Procurement

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## 14.0 OFFICES OF PRIMARY INTEREST (OPI)

List of OPIs		
OPI by Title	Responsibility	Contact
ADM (Mat)	Aboriginal/ Procurement Strategy for Aboriginal Business (PSAB)	<a href="mailto:saea-psab@aadnc-aandc.gc.ca">saea-psab@aadnc-aandc.gc.ca</a>
ADM(Mat) COS Mat	Translation Services for ADM (Mat)	<a href="mailto:+ADMMATLinguisticServices@ADM(Mat)COS(Mat)@Ottawa-Hull">+ADMMAT Linguistic Services@ADM(Mat) COS(Mat)@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP4	PAM, Procurement & Contracting Policy	<a href="mailto:+Questions-Procurement-Contracting-Policy@ADM(Mat)DMPP@Ottawa-Hull">+Questions-Procurement-Contracting-Policy@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP4	Procurement & Contracting Related Training	<a href="mailto:+DMPP4Training-DPPM4Formation@ADM(Mat)DMPP@Ottawa-Hull">+DMPP4 Training-DPPM4 Formation@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP4	Acquisition activity under an MOU	<a href="mailto:+AcquisitionMOU@ADM(Mat)DMPP@Ottawa-Hull">+Acquisition MOU@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP5	Materiel Life Cycle Management	<a href="mailto:+DMPP5MA&amp;SE&amp;MInquiries@ADM(Mat)DMPP@Ottawa-Hull">+DMPP 5 MA&amp;S E&amp;M Inquiries@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP6	Contract Reporting and Contract Data Management System (CDMS)	<a href="mailto:+CDMSSupport@ADM(Mat)DMPP@Ottawa-Hull">+CDMS Support@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP6	DRMIS related to Procurement & Contracting	<a href="mailto:+DMPP6SystemsSupportProcurement&amp;Contracting@ADM(Mat)DMPP@Ottawa-Hull">+DMPP6 Systems Support Procurement &amp; Contracting@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP6	Client Engagement with Department of Public Services and Procurement Canada (PSPC)	<a href="mailto:+StrategicProcurement-StratégieAchats@ADM(Mat)DGMSSC@Ottawa-Hull">+Strategic Procurement-Stratégie Achats@ADM(Mat) DGMSSC@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP6	Revenue Dependency	<a href="mailto:+StrategicProcurement-StratégieAchats@ADM(Mat)DGMSSC@Ottawa-Hull">+Strategic Procurement-Stratégie Achats@ADM(Mat) DGMSSC@Ottawa-Hull</a>

List of OPIs		
OPI by Title	Responsibility	Contact
ADM(Mat) DGMSSC/DMPP6	Green Procurement Course	<a href="#">+Green Procurement-Achats écologiques@ADM(MAT) DGMSSC@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DMPP7	SAM & Supply Management Policy	<a href="#">+DMPP7 enquiries - demandes DPPM 7@ADM(Mat) DMPP@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DSCO	Compliance	<a href="#">+DSCO Compliance@ADM(MAT) DGMSSC@Ottawa-Hull</a>
ADM(Mat) DGMSSC/DSCO	Sales of surplus materiel through NLSE	<a href="#">+DGMSSC DSCO@ADM(Mat) DSCO@Ottawa-Hull</a>
ADM(Mat) DGIIP/DIRAP-CTAT	CTAT	<a href="#">+CTAT Help@ADM(Mat) DIRAP- CTAT@Ottawa-Hull</a>
ADM(Mat) DGProc Svcs/D Svcs C 5	RCO Pubs and Common	<a href="#">+RCOPubs@ADM(Mat) D Svcs C @Ottawa-Hull</a>
ADM(Mat) DGProc Svcs/D Svcs C	FMS	<a href="#">+FMS VME@ADM(Mat) D Svcs C@Ottawa-Hull</a>
ADM(Mat) DGProc Svcs/D Svcs C	COLOG	<a href="#">+COLOG@ADM(Mat) D Svcs C@Ottawa- Hull</a>
ADM(Mat) DGProc Svcs/D Svcs C 4	All Other Requirements	<a href="#">+D Svcs C 4 Procurement - DC Svcs 4 Aquisitions@ADM(Mat) D Svc C@Ottawa- Hull</a>
ADM(Mat) DGProc Svcs/D Svcs C 3	CMP clients	<a href="#">+D Svcs C 3 Procurement - DC Svcs 3 Acquisitions@ADM(Mat) D Svcs C@Ottawa-Hull</a>
ADM(Mat) DGProc Svcs/DES Proc	Software	<a href="#">+DES PROC 4-2@ADM(Mat) DES Proc@Ottawa-Hull</a>
ADM(Mat) DGProc Svcs/DES Proc	Hardware	<a href="#">+DES Proc 4-4@ADM(Mat) DESP@Ottawa-Hull</a>



List of OPIs		
OPI by Title	Responsibility	Contact
ADM(Mat) DGProc Svcs/DES Proc	Professional Services	<a href="mailto:+DES+Proc+5@ADM(Mat)+DESP@Ottawa-Hull">+DES Proc 5@ADM(Mat) DESP@Ottawa-Hull</a>
ADM (Mat) / DG Proc Svcs / D Svcs C 2-2	NLSE International Agreements	Julie Poirier, 819-939-8526
ADM(Mat) DMG Compt	Travel, Hospitality and Conference and Events	<a href="#">Director Materiel Group Comptrollership</a>
ADM(Mat) DAP	Supports Air Requirements	<a href="mailto:+DGAEPM+Procurement+requests+-DGPPEA+Demande+d'achats@ADM(Mat)+DAP@Ottawa-Hull">+DGAEPM Procurement requests - DGPPEA Demande d'achats@ADM(Mat) DAP@Ottawa-Hull</a>
ADM(Mat) DLP	Supports Land Requirements	<a href="mailto:+DGLEPM+Contracting@ADM(Mat)+DLP@Ottawa-Hull">+DGLEPM Contracting@ADM(Mat) DLP@Ottawa-Hull</a>
ADM(Mat) D Mar P	Supports Maritime Requirements	<a href="mailto:+DMARP+5+Admin@ADM(Mat)+D+Mar+P@Ottawa-Hull">+DMARP 5 Admin@ADM(Mat) D Mar P@Ottawa-Hull</a>
Department of National Defence/Canadian Forces Legal Advisor	DND/CF LA	<a href="#">DND/CF LA</a>
ADM(Fin)	DRMIS Service Desk	<a href="mailto:+DRMIS-SIGRD+Service+Desk@ADM(IM)+DDRMIS@Ottawa-Hull">+DRMIS-SIGRD Service Desk@ADM(IM) DDRMIS@Ottawa-Hull</a>
ADM(PA)	Advertising & Marketing Requirements	<a href="#">Director General Marketing (DGM)</a>
ADM(IE)/DIEPS	DND Procurement Strategy for Aboriginal Business (PSAB)	<a href="mailto:P-OTG.ADMIEProcServ@intern.mil.ca">P-OTG.ADMIEProcServ@intern.mil.ca</a>
ADM(IM)/DND FSM	Radiofrequency equipment licensing, frequency licensing, radiofrequency spectrum management, liaison with the Department of	<a href="mailto:SpectrumManagement@forces.gc.ca">SpectrumManagement@forces.gc.ca</a>

List of OPIs		
OPI by Title	Responsibility	Contact
	ISED (former Industry Canada)	

## 15.0 TEMPLATES/CHECKLISTS/FORMS/SAMPLE LETTERS

Name / Description	Link
9200 Requisition Form	<a href="#">9200 Requisition Form</a>
9200-11 Supply Arrangement Solicitation/Contract Form	<a href="#">Consult PSPC forms catalogue</a>
942 Call-up against a Standing Offer Form	<a href="#">Consult PSPC forms catalogue</a>
Accessible Procurement Consideration Form	<a href="#">Attestation of Consideration of Accessible Procurement Form (DOC, 31 KB)</a>
Bid solicitation cover page	<a href="#">Bid solicitation cover page</a>
Bid Solicitation and Resulting Contract Templates (Low, Medium & High complexity)	<a href="#">Bid Solicitation and Resulting Contract Template (Simple)</a>
Bid Solicitation Instructions Part 1	<a href="#">Instructions to complete Part 1</a>
Bid Solicitation Instructions Part 2	<a href="#">Instructions to complete Part 2</a>
Evaluation Criteria Classification Template	<a href="#">Evaluation Criteria Classification Template</a>
Contract Cover Page	<a href="#">Contract cover page</a>
Contract Data Requirements List (CDRL)	<a href="#">CDRL</a>
Confirming Order Template	<a href="#">Confirming order sample format</a>
Contract Summary Form	<a href="#">Contract Summary form</a>
Contracting with an Individual Checklist	<a href="#">Contracting with an Individual</a>
Data Item Description (DID) Template	<a href="#">DIDs</a>
DND 626 Task Authorization Form	<a href="#">Defence Forms Catalogue</a>
DND 654 Request for Data Verification Form	<a href="#">Consult Defence Forms Catalogue</a>
DND 8 Contract Demand (Construction Engineering) Form	<a href="#">Consult Defence Forms Catalogue</a>
DND 1011A Design Data List (DDL) Form	<a href="#">Consult Defence Forms Catalogue</a>
DRMIS Access to DND Computer System	<a href="#">Access to DND Computer System</a>
DRMIS Access and Non-Disclosure Agreement	<a href="#">Access and Non-Disclosure Agreement</a>
Employee or Self-employed Form	<a href="#">Employee or Self-employed Form</a>
File Register Form	<a href="#">File Register form</a>
GC 111 Purchase Order	<a href="#">Consult PSPC forms catalogue</a>
Integrity regime - ADM (Mat) approval of Public Interest Exemption	<a href="#">ADM(Mat) approval of PIE</a>
Integrity regime - Non responsive letter	<a href="#">Non responsive letter</a>
Letters to Unsuccessful Bidder	<a href="#">sample 1</a> , <a href="#">sample 2</a> , <a href="#">sample 3</a> , <a href="#">sample 4</a>
OPO Acknowledge Letter Template	<a href="#">OPO Acknowledgement Letter Template</a>
Procurement Plan Template	<a href="#">Sample procurement plan</a>
Procurement Review Committee (PRC) Detail Form	<a href="#">Procurement Review Committee (PRC) Detail Document</a>
Procurement Risk Assessment and Strategy Form	<a href="#">Procurement Risk Assessment and Strategy Form</a>
Security Requirement Check List (SRCL)	<a href="#">See NDSOD Chapter 8</a>
Statement of Work (SOW) Forms (Complex and Simple)	<a href="#">Complex and simple SOW structure</a> ; see also <a href="#">Guidelines for Technical Authorities on</a>

	<a href="#">Contracting for Professional Services</a>
Statement of Former Status in the federal Government	<a href="#">Statement of Former Status in Federal Government</a>
Threat and Risk Assessment (TRA)	<a href="#">See NDSOD Chapter 3</a>
Termination for Convenience Letter	<a href="#">Sample Letter of termination for convenience</a>
Statement of Former Status in the federal Government	<a href="#">Statement of Former Status in Federal Government</a>
Recovery Action Letter	<a href="#">Recovery Action Letter</a>
Revenue Dependency cost estimate	<a href="#">RD Appendix B</a>
Requisition Summary Form	<a href="#">Requisition Summary form</a>
Write-Off Application Letter	<a href="#">Loss of DND Materiel Memorandum</a> , <a href="#">Summary Investigative Damage</a>