
The Contracting Process

Canada

The Financial Administration Act and various Orders in Council provide the basis for Canadian federal government procurement policy. The Financial Administration Act and the Government Contract Regulations establish the general rules for all departments relating to the award of contracts. In addition, there are numerous programs designed to support broader domestic objectives through procurement. Some of these include the Industrial Benefits Policy, the Access Small Business Program, the Atlantic Opportunities Program and the Western Procurement Initiative.

Supply and Services Canada (SSC) is responsible, as the purchasing agent, for approximately half of federal departmental purchases. Responsibility for the remainder, much of which is for services, is delegated by Treasury Board to Public Works Canada and individual departments. Public Works Canada is the contracting authority for the majority of construction contracts relating to federal public works and installations.

SSC, in the majority of cases, solicits bids from source lists of companies or individuals who have registered as potential suppliers. However, in the case of requirements falling under GATT or the Free Trade Agreement, suppliers will be notified of proposed procurements through a designated publication. In general, there are several ways to solicit bids from suppliers. The decision as to which will be used is largely dependent on operational considerations such as the urgency, complexity and value of the purchase. Requests for Quotation are used for low-dollar-value

procurements. Invitations to Tender are used where the total requirement is clearly identified, enabling evaluation of the winning tender on the basis of price. Requests for Proposal are used where the evaluation criteria will not depend exclusively on price, owing to the complexity of the purchase. For Requests for Proposal, negotiations with contractors can take place both before and after evaluation of the proposal.

As well, SSC issues tenders for and sets up standing offers as a way for departments and agencies to contract directly with suppliers at pre-arranged prices or pricing methods, and at fixed terms and conditions, for specific periods of time on an as-requested basis. A standing offer is not a contract; a contract only exists if and when the department or agency places an order for goods or services listed on the standing offer.

Circumstances do occur where a non-competitive award process will be considered. This can happen when there is a monopoly on technology, or the scope or volume of the requirement places it beyond the normal capability of the industry, or when there is a need to conserve strategic sources. For contracts falling under either GATT or the Free Trade Agreement, the circumstances under which a sole source may be used are clearly defined and must be identified in a public notice of the contract award.