

Chapter 6 - Developing the Procurement Strategy

Section 6A: Approval and Signing Limits

Contract Splitting

6A.001 (2002-12-13) "Contracting authorities must not split contracts or contract amendments in order to avoid obtaining either the approval required by statute, the Treasury Board Contracts Directive or appropriate management approval within the department or agency."

*TB Contracting Policy,
Subsection 11.2.7*

Furthermore, contracts must not be split to avoid our obligations under national or international trade agreements, or the application of our procurement policies.

Contracting officers must obtain approval and signing authorities in accordance with the levels established by Treasury Board (TB) and the internal levels established by the department.

Treasury Board Approval

6A.005 (1994-06-23) TB approval is required for any contract or contract amendment exceeding the limits outlined in [6A.020](#) below.

6A.006 (1998-02-16) TB approval is required for competitive service contracts with former public servants in receipt of a pension, if the total amount payable under the contract for any individual, including any amendments, exceeds \$100,000 and non-competitive contracts if the total amount payable under the contract, including any amendments, exceeds \$25,000. (See [6D.477](#).)

6A.007 (1998-02-16) Proposed contracts or contract amendments which require TB approval must be approved by TB before they are entered into and before any work is begun. TB ministers will entertain submissions requesting retroactive approval of a contract or contract amendment only under exceptional circumstances - e.g., urgent cases involving public safety or security. In such cases, TB requires certification that the minister concerned agreed to the commencement of the work before receiving TB approval.

6A.008 (1994-06-23) Public Works and Government Services Canada (PWGSC) cannot enter into a contract, or make any contractual commitment (e.g. Letter of Intent), which constitutes the first step of a project that may subsequently require TB consideration and approval.

6A.009 (1994-06-23) When PWGSC has entered into a contract, the contract may be amended without TB approval if the cumulative value of the amendments does not exceed the amendment levels set out below. (See [6A.020](#).)

6A.010 (1994-06-23) When TB has approved an amendment, PWGSC may further amend the contract without TB approval if the cumulative value of the amendments after each issuance of an amendment pursuant to a TB approval does not exceed the non-competitive amendment level set out below. (See [6A.020](#).)

6A.011 (1994-06-23) TB approval is also required for a number of areas described in the TB manuals and in current TB circulars, as well as for the following actions:

- (a) the making of any "extra payment," i.e. a payment where a legal liability does not exist or has not been accepted by the Crown, or where there is uncertainty that a legal liability exists under the contract;

- (b) every Electronic Data Processing buy for lease transaction exceeding \$1 million. Each submission to TB must include a cost benefit analysis. (See [Section 9G](#).)

Treasury Board Basic Contracting Limits

6A.020 (1998-02-16) PWGSC may enter into or amend a contract to the following limits.

Goods Contracts:

Electronic Bidding*	Entry	\$40,000,000
	Amendment	\$20,000,000
Competitive	Entry	\$10,000,000
	Amendment	\$5,000,000
Non-competitive	Entry	\$2,000,000
	Amendment	\$1,000,000

Contracts for Services:

Electronic Bidding*	Entry	\$20,000,000
	Amendment	\$10,000,000
Competitive	Entry	\$10,000,000
	Amendment	\$5,000,000
Non-competitive	Entry	\$3,000,000
	Amendment	\$1,500,000

Construction Contracts:

Electronic Bidding*	Entry	\$20,000,000
	Amendment	\$10,000,000
Competitive	Entry	\$10,000,000
	Amendment	\$5,000,000
Non-competitive	Entry	\$500,000
	Amendment	\$500,000

Architectural and Engineering Services:

Electronic Bidding	Entry	\$2,000,000
	Amendment	Greater of \$1,000,000 or 25% of original - \$2M max.
Competitive	Entry	\$1,000,000
	Amendment	Greater of \$250,000 or 25% of original - \$1M max.
Non-competitive	Entry	\$100,000
	Amendment	\$100,000

* When the Government Electronic Tendering Service (GETS) was used to provide notice to suppliers either through publication of a Notice of Proposed Procurement, an Advance Contract Award Notice or a Letter of Interest.

NOTES:

1. *The authorities, as described herein, shall be exercised in accordance with the Minister's internal delegation to specific organizations within PWGSC.*
2. *Contracting officers must not divide any procurement in order to circumvent these limits (contract splitting).*
3. *The Treasury Board Open Bidding Contracting Authorities can only be used when a procurement has been advertised on the GETS and/or in the GBO. When the GETS and/or the GBO are not used, the traditional competitive authorities must be used.*

Treasury Board Exceptional Contracting Limits

- 6A.030 (1994-06-23) PWGSC may enter into any form of agreement used by a railway company for permission to construct or maintain a private crossing or a pipe or cable crossing over, across or under the property of the company at a rate or in an amount no greater than those normally charged for each permission.
- 6A.031 (1994-06-23) PWGSC may enter into any agreement with a railway, telegraph, telephone or power company for permission to attach wire to poles belonging to the company at a rate or in an amount no greater than those normally charged for each permission.
- 6A.032 (1994-06-23) PWGSC may enter into a good or a service contract, regardless of the amount, if the contract derives from a standing offer already approved by TB.
- 6A.033 (1994-06-23) PWGSC may enter into and amend contracts with the Government of the United States containing that government's usual terms dealing with indemnity and liability, subject to the limits of the TB Contracts Directive.
- 6A.035 (1994-06-23) Contracts for the performance of legal services may be entered into only by or under the authority of the Minister of Justice.
- 6A.036 (1998-02-16) The following special authorities granted to the Minister, PWGSC, are described in detail in the Internal Approval and Signing Authorities (in support of clients' programs only):
- (a) Repair and overhaul of military equipment
 - (b) Procurement of ammunition
 - (c) Procurement under the U.S. Foreign Military Sales Program
 - (d) Bulk fuels
 - (e) Advertising services
 - (f) Transportation and utilities (all contracting authorities)
 - (g) Energy supply, energy efficiency improvements, energy management services and energy management monitoring and training (all contracting authorities)
 - (h) Former Public Servants in receipt of a pension (all contracting authorities)
 - (i) Telecommunications Services

Internal Approval and Signing Authority (in support of clients' programs only)

- 6A.040 (2005-06-10) Contract approval and signing authorities in support of clients' programs must be exercised in accordance with the applicable legislation and regulations, and within departmental policies and guidelines.

These authorities and guidelines are detailed in the following annexes, which can be found at the end of this chapter.

- [Annex 6.1](#) Conditions Imposed on the Approval Authority Limits for Departmental Personnel;
 - [Annex 6.1.1](#) Contract Approval and Signing Authorities in Support of Clients' Programs Only - Other than for Canadian Commercial Corporation;
 - [Annex 6.1.2](#) Approval Authority Limits for Goods, Services, Construction, Telecommunications and A&E Services;
 - [Annex 6.1.4](#) Approval and Signing Authority Limits for Defence Construction;
 - [Annex 6.1.5](#) Contract Amendment Approval Instructions;
 - [Annex 6.1.6](#) Definition of a Competitive Contract;
 - [Annex 6.1.7](#) Guidelines for the Determination of a Qualified Firm or Individual;
 - [Annex 6.1.8](#) Procurement Information to the Minister;
 - [Annex 6.1.9](#) Contract Amendment Approval Process (CAAP);
 - [Annex 6.1.10](#) Just in Time Approval Process (JITAP);
- [Annex 6.2](#) Certification and Signing Authorities - Canadian Commercial Corporation (CCC) Contracting Documents;

6A.041 (2005-06-10) The contract approval and signing authorities, in support of clients' programs, apply to all contractual documents and arrangements, including the following:

- (a) purchase orders;
- (b) contracts;
- (c) formal agreements and arrangements (e.g. interdepartmental);
- (d) standing offers and supply arrangements;
- (e) letters of intent;
- (f) go-ahead letters and go-ahead messages;
- (g) Stores Transfer Orders;
- (h) Supply Transfer Orders;
- (i) written direction to the Agency of Record;
- (j) assignments;
- (k) consents to subcontract;
- (l) termination notices; and
- (m) amendments to any of the above.

Notes:

1. Limits set out in [annexes 6.1](#) through [6.2](#) will apply to the approval and signing of all contractual documents and arrangements including those arrangements that are not subject to the GCR and TB Contracts Directive, unless approval and signing limits are set out within an existing Memorandum of Understanding. When the value of transfer agreements between departments (e.g. Transfer Orders with CORCAN) exceeds the approval amounts set out in [annexes 6.1](#) through [6.2](#), the Deputy Minister's approval is required. When the value of contractual arrangements with provincial or municipal governments, or provincial or federal Crown Corporations exceeds the approval amounts set out in [annexes 6.1](#) through [6.2](#), TB approval is required.

2. *The inclusion of a Limitation of Expenditure in standing offers is optional (see [7A.083](#)). Approval and signing authorities for Standing Offers which do not contain a Limitation of Expenditure will be as set out in [annexes 6.1](#) through [6.2](#) using the requisition value to determine the appropriate approval and signing authority for the Standing Offer.*
3. *Approval of contracts that include options shall be sought in accordance with the total estimated cost including any options for which funds are available or expected to be provided in the future (see [Annex 6.1.5](#), paragraph 7).*
4. *The Assistant Deputy Minister, Acquisitions Branch, has unlimited authority to approve and revise standing offers and supply arrangements (see [Section 9J.7](#)), when individual call-ups will not exceed the limits prescribed by Treasury Board.*

6A.042 (1994-06-23) More than one contractual document shall not be issued, under any circumstance, in order to circumvent the necessity of obtaining the proper approval authority.

Incumbents' Authority

6A.050 (1998-23-11) The authorities granted by the Deputy Minister to incumbents of designated positions are set out in [annexes 6.1.2](#) to [6.1.4](#), and [6.2](#). These are maximum limits which may be reduced at the discretion of the appropriate managers.

A person is normally designated the incumbent of a position following staffing action. Administrative superiors at the level of section chief and above shall inform new incumbents, in writing, of the levels of contract approval and signing authority to be exercised.

Contracting personnel who have previously exercised contract approval and signing authorities in another position may exercise, upon promotion, the authorities delegated to incumbents at the new level.

6A.051 (1994-06-23) Directors general must withhold full signing and contract approval authority from anyone who has had no PWGSC purchasing/contracting experience until competence has been shown at a lower level of authority for at least six months.

Acting Incumbent

6A.060 (1994-06-23) Designation of an alternate or acting incumbent, for a position to which a level of authority has been granted, shall be made by an authority level no less than that of the incumbent's administrative superior.

If an employee is to perform the duties of a position in an acting capacity for an indeterminate period (e.g. pending permanent appointment), then the employee's administrative superior shall state, in writing, the levels at which the employee may approve and sign contracts, and the dates these authorities are to be in effect.

Similarly, if the incumbent of a position is absent for a short period, then the administrative superior of that position may designate another officer to be the acting incumbent of that position. The acting incumbent should normally be given the full contract approval and signing authorities of the position. However, the acting incumbent must not exercise these authorities on a procurement file for which he/she was responsible in his/her normal position.

6A.061 (1994-06-23) To facilitate audit requirements, copies of all acting incumbent designations shall be filed and retained in the office of the appropriate director or director general. In addition, a copy must be placed on the file of any contractual document signed by the officer while exercising the acting incumbent authority.

Forgiveness of Debts

6A.065 (2003-05-30) No employee of the Department is authorized to forgive debts arising out of contractual actions and which are owed to the Crown. For authorities, refer to the [Debt Write-off Regulations](#), 1994.

Trade-ins

6A.070 (2004-05-14) Contracts for which trade-ins have been approved through disposal operations procedures are subject to approval and signing authorities as detailed in [annexe 6.1.2](#). (All trade-ins are disposal operations and, as such, are subject to disposal operations procedures.) The trade-in value will not be considered in determining the required level of authority.

Per Diem Rates

6A.075 (1994-06-23) Directors General may establish, at their discretion, internal authority limits for the approval of non-competitive service contracts containing per diem rates. Where such limits do not exist within a sector/region, contract approval will be in accordance with the delegated authorities in [Annex 6.1.2](#).

No-cost Amendment

6A.080 (1994-06-23) No-cost amendments involving a simple administrative change are the responsibility of each procurement sector/region. For no-cost amendments where risk or liability will be transferred to the Crown refer to [Annex 6.1.5](#), paragraph 5.

Royalty Payments and Licenses

6A.085 (1994-06-23) The Deputy Minister is responsible for the approval of contracts for defence material and services that will bind the Crown to the following:

- (a) royalty payments by a contractor or its subcontractors that exceeds 5 percent of the selling price of the patented item; and
- (b) license agreements of intellectual property where either the Crown is to be a licensee or where, in order to carry out certain defence contracts, a contractor is required to obtain a license from the third party.