

**Annex 7.7: Preparation of a Contract Request  
(2003-12-12)**

Contract Requests can be presented for Deputy Minister/Minister approval in either French or English, however, Treasury Board (TB) submissions must be in bilingual side-by-side format.

**Part 1 - Submission Data**

**Contract Request - form PWGSC-TPSGC 1151-1**

The key elements of a Contract Request which a contracting authority needs to know include the following:

- (a) the requirement and its end use;
- (b) the supplier and how the selection was made;
- (c) cost, the basis of payment and cash flow.

The preparation of Part 1 should focus on these general key elements. The following sections provide additional considerations that should be brought to the contracting authority's attention when applicable.

**1. Priority Attention**

If priority consideration is requested because of delivery requirements or for any reason, including expiry of price validity, state the consequences of not meeting the expiry date.

**2. Subject**

State whether this is a request for Authority to enter into contract or Authority to utilize a standing offer method of supply.

**3. Proposal**

- (a) State action proposed (e.g. To contract with; for standing offers). Identify the contractor by correct legal name and give its location (e.g., city, town or village; province; country if other than Canada). Briefly describe the goods or services being supplied and their end use. Part numbers and specification numbers should be referred to in Part 2 of form PWGSC-TPSGC 1151-2 only. State the delivery point (e.g., city, town, etc.). If there are numerous delivery points, state "Delivery to various destinations" but do not list them in this section. Refer to an appendix.
- (b) Specify any proposed deviations from Cabinet or TB contracting policies.
- (c) When certain terms or certain deviations from departmental policies are being recommended in the Contract Request, creating a financial obligation for the Crown, request authority for the monetary obligation in this section and, in the Remarks section, explain why it is recommended that the Crown be responsible in this case.
- (d) If any advance payments are being proposed, specify in this section and describe in the Basis of Payment section.
- (e) If there is an option to be exercised by the Crown by a specific date, and the pricing is known or pricing formula agreed upon and the funds for the option are available in the requisition (or expected to be provided in the future), request approval to exercise the option in this section. Provide the option pricing or pricing formula and the final date for exercise of the option in the Basis of Payment section.

- (f) Indicate in a separate paragraph when approval is being requested for an additional estimated amount so that provision may be made for unscheduled work such as work arisings, design changes or escalation.
- (g) In the case of a proposed contract for a specified term or period only, or of a proposed standing offer, state whether the expiry date is for ordering or delivery.

**4. Cost**

- (a) Show the total estimated cost to the Crown to complete the proposed contract, Goods and Services Tax/Harmonized Sales Tax (GST/HST) included. When the price to be paid is in a foreign currency, the estimated Canadian equivalent, based on the conversion rate currently in effect, should follow in brackets. Identify the funding source (vote and requisition number) and name the certifying department or agency. For standing offers which are not funded, state that the amount is chargeable to the client.
- (b) "Total estimated cost," in the first line of the preceding paragraph, refers to the total amount payable to the contractor, GST/HST included, under the terms of the contract, including payment for all supplies or services plus any options for which funds are available (or expected to be provided in the future) and any additional estimated amount for foreseeable subsequent amendments covering unscheduled work, etc., for which approval is being sought.
- (c) Include a schedule of cash flow, providing a distribution by year of the funds expected to be disbursed during the course of the contract.

**5. Basis of Payment**

- (a) Summarize all factors which have a bearing on the proposed purchase, such as (details of major elements of cost should be provided in an appendix):
  - (i) price to be paid;
  - (ii) method of pricing:
    - firm lot price
    - firm unit price,
    - target price, ceiling price and incentive fee formula,
    - target price and incentive fee formula without ceiling price,
    - fixed time rate, or
    - price-to-be-negotiated (PTBN) - include a formula for determination of firm basis of payment, or provide an explanation as to why inclusion of a formula is not possible, and why PTBN is not to a ceiling, if this is the case;
  - (iii) audit or verification provisions;
  - (iv) customs duty;
  - (v) goods and services tax:
    - included,
    - extra,
    - exempt or zero-rated (indicate reason for exemption), or
    - not applicable;

- (vi) other taxes;
  - (vii) delivery terms, for example:
    - FOB (free on board) destination,
    - FAS (free alongside ship),
    - FAF (free alongside flight),
    - FOB common carrier, contractor's plant,
    - CIF (cost, insurance, freight);
  - (viii) exchange escalation provisions, if applicable. Identify the amount of foreign currency which is subject to escalation and any special conditions;
  - (xi) any other escalation provisions except those provided for in the General Conditions forming part of the contract (e.g. sales tax, excise tax, customs duties);
  - (xii) option - pricing or pricing formula plus final date for exercise of option.
- (b) Describe any advance payment requirements.
- (c) Provide the proposed Basis of Payment for any unscheduled work (introduced in the Proposal section and included in the Cost section as an estimated amount).
- (d) If a large number of items and/or destinations are involved, make the following statement under Basis of Payment: "Unit (and/or Lot) prices totalling \$ \_\_\_\_\_, sales tax \_\_\_\_\_, FOB \_\_\_\_\_, as detailed in the attached appendix or in an appendix attached to the proposed contract."

## 6. Remarks

Ensure that source and price are adequately justified, by using the following criteria:

- (a) Indicate how many suppliers were requested to bid and the method of soliciting bids. State the number of bids received and the relative standing of the recommended bidder with regard to price, e.g., "the lowest being recommended."
- (b) If other than the lowest responsive bid is recommended, explain clearly why any lower bid is not acceptable.
- (c) If a bid is considered non-responsive because it does not meet the mandatory requirements of the solicitation but is lower in price than the lowest responsive bid, concisely describe the major deficiencies.
- (d) If two bids have an identical price and one of the two is recommended for acceptance, detail the governing selection criteria.
- (e) If selection is not made by competitive bid, provide sufficient support for the choice made. In the absence of competition, quote the price certification obtained and explain why the price is considered to be fair and reasonable. Include a brief summary of Part 2, [Section F2](#), Previous Price, of form PWGSC-TPSGC 1151-2.
- (f) If deviations from Cabinet or TB contracting policies are recommended, quote opinions given by the functional branches, specifying any financial or other consequences, and give reasons for such recommendations. Whenever possible, express the Crown's proposed obligations in monetary terms.

- (g) If deviations from the provisions of the World Trade Organization - Agreement on Government Procurement, the North American Free Trade Agreement, the Canada-Korea Procurement of Telecommunications Equipment Agreement or the Agreement on Internal Trade are recommended, provide reasons for the deviation.
- (h) If approval is being requested for any estimated amount for unscheduled work arisings, design changes or escalation, as introduced in the Proposal section, estimated in the Cost section and substantiated in the Basis of Payment section, provide support in this section.
- (i) Describe any options in this section and include the criteria that will be used for determining whether the option should be exercised.
- (j) If the proposed contract is of a value in excess of \$2 million for goods and services or of any value with a socio-economic impact judged to be significant, include a section dealing with the socio-economic considerations, including any funding implications. Attach the recommendations of the dedicated management committee or of the Procurement Review Committee.
- (k) If advance payments are recommended, explain why and state the benefits to the Crown.
- (l) Include a statement on the amount of Canadian content and the creation/maintenance of jobs in Canada and their location.
- (m) Describe briefly the profit calculations.
- (n) State the dates for commencement and completion of deliveries included in the offer being recommended for acceptance. Do not include all of the delivery details.
- (o) Whenever possible, give the TB number which grants the client program approval.
- (p) Submissions seeking TB approval of contracts should address compliance with the Federal Contractors Program for Employment Equity (FCP-EE). It is recommended that the contracting officer verify the Certificate of Commitment number by comparing it with the number listed for that organization/bidder in the [List of Certified Employers](#). (**NOTE: Only federal government employees can access the site.**)

## 7. Certifications

- (a) For TB submissions, indicate that the manager's statement that the current estimate of total cost of the project does not exceed the approved project budget, that the manager's identification of the source of funds to cover the requirement if the contract price for a given element of the project budget should exceed the estimated cost and the manager's certification of agreement with the submission have been received. Do not attach the certifications. While PWGSC has the sole responsibility for requesting contract approval from TB, in situations where a certification cannot be obtained or only a qualified certification can be obtained from the client, annotate the submission with an observation stating the diversity of opinion.

**Note:** When approval is sought to exercise options which are not yet funded, the project manager must certify agreement with the submission and state that the total estimated cost does not exceed the project budget for the complete requirement, including unfunded options.

- (b) Where retroactive contract approval is being sought for work already commenced for whatever reason, client certification must be attached to the effect that the minister

concerned has agreed to the commencement of work before the receipt of TB approval.

**8. Expiry Date**

State the expiry date of the offer.

**Note:** If genuine urgency exists, the reason should be stated in Part 1, PRIORITY ATTENTION section.

**Part 2 - Supporting Data**

**Contract Request - form PWGSC-TPSGC 1151-2**

This part is to be completed to provide all of the supporting information requested on the form. It consists of two pages, both of which must be completed. To the extent possible, there should be no repetition in Part 2 of the information given in Part 1 of form PWGSC-TPSGC 1151-1. In particular, note the following:

**Section A - Details of Contract Demand or Requisition**

1. If all of the supplies or services requisitioned by the client are not in the proposed contract for which approval is being sought and Part 1 of form PWGSC-TPSGC 1151-1 did not make this clear, briefly summarize, for the understanding of the approval authority, the total number of items on the requisition and the number included in the proposed contract. If there is not enough space because of the size of the summary explanation, refer to the appendix or document on file which provides the details.
2. If the goods and/or services requisitioned are the same as those being recommended for acceptance from the proposed supplier, describe them in this section or refer to the work specifications.
3. When the funds available are less than the estimated costs of the contract and advantage is being taken of the allowable PWGSC over commitment, state it in this Section A.

**Section B - Special Terms not Included in Part 1**

1. Detail any special terms which will have an effect on the proposed contract which are not included in Part 1 of form PWGSC-TPSGC 1151-1, such as financial security, royalty payments, etc. Address conformance with the following policies (*some sectors/regions may prefer to address these policies in Section F, either location is acceptable*):
  - (a) International Sanctions,
  - (b) Employment Equity Program (Quote Certification No.), and
  - (c) Conflict of Interest.
2. It is not necessary to refer to normal escalation provisions contained in General Conditions.

**Section C - Delivery**

State the delivery requirements specified by the client and promised by the supplier and the acceptability of delivery if not in accordance with the delivery specified.

**Section D - Type of Contract Document**

State the type of contract document, e.g. Your Tender is Accepted; You are Requested; Standing Offer; Your Proposal is Accepted; Formal Agreement.

## Section E - Bids Received

State if there was a public opening of tenders.

## Section F - Basis of Recommendation

### F1 Price support for negotiated cases

In the absence of competition, detail the price support which has been obtained, if this was not provided in Part 1 of form PWGSC-TPSGC 1151-1. State reasons why the various price elements are considered to be fair and reasonable. Substantiate the profit or mark-up factor being recommended.

### F2 - Previous Price

Provide details of previous prices for negotiated cases when available, including the percentage of increase or decrease, and an explanation for any substantial increases. Provide this information also for competitive cases unless the number of small-dollar-value items makes the comparison too complex to serve a useful purpose.

### F3 - Discrepancies, if any, between bid solicitation and bid recommended

Provide details and reconcile amounts, when discrepancies occur between bid solicitation and bid recommended.

### F4 - Support for deviations from departmental policy, changes or deletions in General Conditions and Supplemental General Conditions

Support deviations from departmental policy in this section.

### F5 - Acceptability of supplies if not in accord with specifications

Support acceptability of supplies if not to specifications.

### F6 - Method of Payment

1. Detail the Method of Payment. If progress payments are being proposed, fully describe them, including any holdbacks.

**Note:** If there are numerous items, and items and unit prices are not detailed in Part 1 of form PWGSC-TPSGC 1151-1, or in an Appendix to Part 1, make reference in Section F to the specific document on the file which details the information.

2. Other data, if applicable, should be stated under Section F, such as:
  - (a) Add list of suppliers who were invited to bid and their ownership.
  - (b) Attach financial officer's opinion on supplier's financial status.
  - (c) Attach legal counsel's opinions on the legal nature of the case and on the contract submission, including its consistency with the contract.
  - (d) If not previously mentioned in Section B, address the contractor's compliance with:
    - International Sanctions;
    - Employment Equity Program (Quote Certification No.); and
    - Conflict of Interest provisions

