

Chapter 9 - Special Procurements

Section 9A: Purchases from CORCAN

Requisition Receipt

- 9A.1 (2002-05-24) In compliance with Cabinet Decision 320-74RD, dated May 16, 1974, Public Works and Government Services Canada (PWGSC), along with other federal government departments will, whenever possible, provide CORCAN with stable market outlets for its goods and services. This policy was reviewed and confirmed by Treasury Board on July 25, 1995.
- 9A.2 (2005-12-16) Article 1018 2(d) of the North American Free Trade Agreement allows for the exemption of procurements relating to goods or services of prison labour. A similar provision exists in the World Trade Organization Agreement on Government Procurement and in the Agreement on Internal Trade, Article 507 (c).
- 9A.3 (2003-12-12) When in receipt of a requisition for which the client has specified that CORCAN is the preferred source of supply, the contracting officer will support the award of the requirement to CORCAN and issue a Stores Transfer Order. The client need not provide justification for purchasing CORCAN goods and services (see [9A.8](#)).
- 9A.4 (2002-05-24) When CORCAN has not been specified as a source of supply but can meet the requirement, the contracting officer, wherever possible and in recognition of the potential benefits to be derived, will recommend to the client that CORCAN be considered as a source of supply
- 9A.5 (2002-05-24) There are a number of procurement methods available to access goods and services from CORCAN including Supply Arrangement number E60PQ-000008/001/PQ.
- 9A.6 (2002-05-24) Goods and services acquired from CORCAN must be comparable in price, delivery, performance and quality to those that PWGSC would have received from private sector suppliers had they been awarded the same business.

Memorandum of Understanding

- 9A.7 (2002-05-24) Procurements from CORCAN are to be carried out in accordance with the Memorandum of Understanding (MOU) (see [Appendix A](#)) ratified on 2 January 2001, by the Deputy Minister, PWGSC, and the Commissioner of Corrections, Correctional Services Canada. The attached MOU outlines both PWGSC and CORCAN responsibilities.

Implementation

- 9A.8 (2003-12-12) Documentation of procurements from CORCAN will take the form of "Stores Transfer Orders", since these arrangements are not contracts within the meaning of the *Government Contracts Regulations* (GCR) and the Treasury Board (TB) Contracts Directive. Existing contract and amendment forms are to be employed, and will be processed in the normal manner, with the following changes:
- (a) delete the word "CONTRACT" and substitute the words "STORES TRANSFER ORDER";
 - (b) insert the following as the first item in the contract under "Description of Supplies and/or Services":

"Stores Transfer Order

This is not a contract."

9A.9 (2003-12-12) Although arrangements with CORCAN are not governed by the GCR and the TB Contracts Directive, all existing departmental limits governing the approval of entry into and signing of contracts apply.

**Appendix A
(2002-05-02)**

**Memorandum of Understanding Between
Public Works and Government Services Canada
and CORCAN
(SOA of the Correctional Service of Canada)**

This Memorandum of Understanding (MOU) supersedes the PWGSC/CSC agreement ratified on June 14, 1988.

1. Purpose

The purpose of this memorandum is to record agreement between the Department of Public Works and Government Services (PWGSC) and CORCAN (SOA of Correctional Service of Canada (CSC) with respect to orders placed by PWGSC for goods and/or services from CORCAN.

2. Basis for Preferential Access

In May 1974, in recognition of the social value of the training and employment of federally incarcerated offenders, Cabinet directed that, whenever possible, DSS (now part of PWGSC) and other government departments should provide correctional industries with adequate, stable and continuing market outlets for their manufactured goods.

By buying manufactured goods (office furniture, workstations, filing cabinet, dormitory furniture and furnishings) from CORCAN, the Government is lowering the cost of incarceration, and providing offenders with work related training which is essential for becoming self sufficient, law abiding citizens upon their release. For departments and agencies procuring CORCAN products, they are indeed buying truly Canadian materials and services that are backed by a sister agency, and saving a significant amount of time and energy because of a much simpler procurement process.

3. Requisites for PWGSC Business with CORCAN

- (a) PWGSC must maintain good customer and supplier relations. Therefore, in allocating business to CORCAN, PWGSC will consider the impact on customer departments and on Canadian suppliers likely to be affected, particularly small business.
- (b) PWGSC recognizes that CORCAN has the mandate to provide employment and training to federal offenders in order to give offenders the skills and attitudes they will need when they return to society and become productive employees. CORCAN does this by marketing the products and services produced by federal offenders.
- (c) PWGSC recognizes that the department should assist CORCAN with the promotion of CORCAN products.
- (d) CORCAN recognizes that it is the one primarily responsible for marketing its products.
- (e) Once business has been accepted, CORCAN must undertake to fulfill its obligations to PWGSC.
- (f) For all business allocated by PWGSC to CORCAN, the quality standards and delivery

performance must be comparable to those which PWGSC would have demanded and received from private sector suppliers.

4. Pricing Policy

CORCAN product prices are to be comparable to the most recent prices contracted for with private sector suppliers for like products, quality and quantity.

5. Determination of Allocation

On receipt of a requisition for which the client has specified that CORCAN is the preferred source of supply, the contracting officer will support the award of all or part of a requirement to CORCAN.

When CORCAN has not been specified as a source of supply but can meet the requirement, the contracting officer, wherever possible and in recognition of the potential benefits to be derived, will recommend to the client that CORCAN be considered as a source of supply.

Except where a PWGSC analysis can demonstrate a prohibitive impact on a given Canadian industry, the share assigned to CORCAN will normally be limited only by the volume which CORCAN is willing and able to provide.

6. Review Process

At the request of either party, PWGSC and CORCAN agree to conduct a review of this PWGSC/CSC Memorandum of Understanding.

7. Implementation

The CEO of CORCAN and the Director General, Supply Program Management Sector, PWGSC, are responsible for the review and implementation of this memorandum.

8. Term of Agreement

This Agreement is effective from date of signatures and will remain in effect until terminated by mutual agreement of both parties (see paragraph REVIEW PROCESS).

9. Signatures

Signed this 2 day of January , 2001 at Ottawa .

Ranald A. Quail : Deputy Minister, PWGSC

Lucie McClung: Commissioner of the Correctional Service of Canada