

A. INTRODUCTION

Public Sector procurement professionals have a number of alternative solicitation vehicles, methods and tools at their disposal to realize their purchasing objectives. Depending on the nature and value of the good or service, the existence or non-existence of a pre-qualified source list, the regulatory constraints or obligations that govern the procuring entity in relation to the specific procurement, how well-defined or speculative the requirement is, and the available sourcing strategy alternatives, any one of several solicitation methods or vehicles may be adopted.

In the case of the Government of Canada (GoC), this could be anything from a *Request for Information* (RFI) or a *Request for Quotation* (RFQ), a “sole source” directed tender, an *Advance Contract Award Notice* (ACAN), or a call-up against a pre-qualified supplier data base or *Standing Offer*, to a selective tender among pre-qualified *Supply Arrangement* holders, publishing of a *Notice of Proposed Procurement* (NPP) and *Request for Proposals* (RFP) on the Government Electronic Tendering System (aka “MERX”), or any other of a number of alternative vehicles. Each of these is governed by its own rules, processes and procedures. In this Grey Book primer, we will attempt to “demystify” the use and availability of these alternative solicitation methods.

B. SOURCING STRATEGY

Typically, the procuring entity (e.g. GoC department or agency) will define its requirement and, depending on the level of its delegated purchasing authority, or the existence of any mandatory *Standing Offer* or *Supply Arrangement*, will either procure the product or service directly, or, more often, will requisition Public Works and Government Services Canada (PWGSC) to act as the Contract Authority for the solicitation. The first step in this process after identifying the requirement is to identify or develop the sourcing strategy.

If a pre-existing mandatory *Standing Offer* or *Supply Arrangement* is already in place for the product or service in question (some of these are mandatory; others are optional), the procuring entity or PWGSC must make a call-up or issue some other contract form against the existing vehicle for the requirement. Otherwise, the procuring entity must decide which solicitation vehicle or method would be the most efficient and appropriate having regard to the nature, value or urgency of the requirement, Treasury Board's Contracting Policy, and to the regulatory constraints governing the particular solicitation, e.g. sole source or competitive tendering. The operating assumption in most cases is that, unless some recognized exception or special program such as national security or aboriginal set-aside applies, the requirement will be publicly tendered, i.e. it will be openly competed on MERX (subject to any GCR or *Trade Agreement* exception): See [The Grey Book Series - Understanding the Procurement Regulatory Regime](#).

C. SELECTED GoC SOLICITATION VEHICLES

GoC Contracting Officers have a wide variety of solicitation vehicles or methods to choose from. In this Primer, we will focus on the most commonly used: *Standing Offers*, *Supply Arrangements*, *Requests for Proposal*, Temporary Help Services and Professional Services On-Line. *Advance Contract Award Notices* (ACANs) are covered separately. See [The Grey Book Series - ACANs and “Sole Sourcing” Strategies](#).

C.1 Standing Offers & Supply Arrangements

Standing Offers and *Supply Arrangements* pre-suppose a prior competitive tender, i.e. they are established through a competitive pre-qualification process, typically initiated either by a *Request for Standing Offer* (RFSO) or a *Request for Supply Arrangement* (RFSAs). Unlike a *Request for Proposals* (RFP) or an *Advanced Contract Award Notice* (ACAN), the result of which in each case is a contract to the successful supplier, RFSOs and RFSAs do not result in a contract. Rather, they result in source lists of pre-qualified suppliers eligible for future contract opportunities (known respectively as *Standing Offers* or *Supply Arrangements*).

Standing Offers, for example, come in various flavours depending on their scope and eligible users. Some are national (NMSOs), others regional (RMSOs). Others are limited to use by PWGSC only (DISOs). A *Standing Offer* is not a contract; it is, as its name implies, an offer. It does not become a contract until the client organization issues a “call up” against it for the specifically defined good or service at the specifically quoted price. At that point it becomes a contract. There are no variables with a *Standing Offer*. *Supply Arrangements*, on the other hand, allow for future variables by establishing non-binding agreements allowing the client organization to solicit bids from among a much smaller pool of pre-qualified suppliers for their future requirements based on the required scope of work and ceiling prices.

C.2 Request for Proposals (RFP)

RFPs are the relatively new “kid on the block” and have grown in popularity among PWGSC and other GoC Contracting Officers in recent years. Unlike other forms of competitive bidding (e.g. Invitations to Tender or RFSOs), RFPs are used most frequently when the procuring entity knows it has a requirement and what that requirement is but does not know exactly what the solution is or how to describe it. The procuring entity is looking for input and creativity from suppliers to achieve the desired result in a competitive tender process.

This invitation to creativity naturally permits suppliers greater latitude and flexibility in preparing their proposals; but at the same time opens the evaluation and contract award process to greater subjectivity. Perhaps the most critical thing about RFPs is that whatever rules, procedures, specifications or requirements the procuring entity puts in them - including any **Statement of Work (SOW)** or **Statement of Requirements (SOR)** - is binding on both the entity and the responding supplier, unless amended *during* the bid period. An RFP cannot be amended *after* the bid closing period, even with the consent of successful bidder (known as a “proponent” when responding to an RFP), without running afoul of the laws of competitive bidding. An RFP creates a legal, contractual relationship between the procuring entity and each of the compliant bidders immediately upon submission of a compliant proposal by a supplier.

C.3 Temporary Help Services (THS)

The THS On-Line System was established in early 1999 as a *Regional Master Standing Offer (RMSO)* for the purposes of streamlining and facilitating the on-line qualification of suppliers and call-ups by GoC departments and agencies in the National Capital Region for designated classifications of professional, technical and administrative support services. Rates posted in the THS On-Line System are firm, all-inclusive hourly rates and call-ups are made by client agencies and departments against those rates. Call-ups cannot exceed \$84,000 or 20 consecutive weeks of THS services without specific Contract Authority approval. While the THS On-Line System continues to offer a useful contracting vehicle for procuring designated professional services efficiently and economically, it is being phased out and effectively replaced by the *Professional Services On-line NMSO* (see below). The effective termination date of the THS RMSO is March 31, 2007, and new bids or proposals for inclusion in the database are no longer being accepted. For more information see: http://www.pwgsc.gc.ca/sipss/pspd/th/thssup_e.htm .

C.4 Professional Services On-Line (PSO)

The new PSO initiative was launched on December 15, 2005, replacing and expanding on the professional services categories of the IPS Marketplace, and is part of PWGSC’s renewed focus on facilitating access by Small and Medium Enterprises to GoC contracting opportunities in the wake of PWGSC’s *Mandatory Standing Offer* policy.

PSO is a PWGSC-managed database that allows GoC agencies to contract directly with qualified suppliers up to \$25,000 or to conduct a mini-competitive process up to the NAFTA threshold of \$84,000. Suppliers must register, comply with all Mandatory Requirements including completion of their Corporate Profile, submission of an HR Plan to ensure resource availability, list their relevant projects, and must have been in business for a minimum of one (1) year. They must also sign a *Trading Partner Agreement*. Posted rates are ceiling rates, subject to negotiation on a case-by-case basis. PWGSC and the OSME have provided useful information and guidelines for suppliers on its website.

See <http://www.pwgsc.gc.ca/acquisitions/text/ps/online-e.html>

Other titles in The Grey Book Government Contracting Series:

- Understanding the Procurement Regime
- Preparing Quality Proposals
- Teaming & Subcontractor Management
- Q&A Strategies & Best Practices
- ACANs & “Sole Sourcing” Strategies
- Contract Award & “Debriefings”
- C.I.T.T. Challenges & Strategies

The above description of GoC Solicitation vehicles is intended as a basic introduction for suppliers and Procurement Officers. It is not intended as legal advice. Consult PWGSC or your solicitors if you have any specific question.

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