



Core Policy and Procedures Manual - Amendment Summary March 2007

[7.0 Revenue Management](#) Part I

[7.2](#) is amended to expand scope beyond credit and debit cards

[7.3.8](#) is amended to

- Increase scope of electronic payments beyond credit and debit cards
- Reflect Treasury Board direction that in order to improve customer service electronic payments will be accepted for payment
- Alter the role of senior financial officers when evaluating methods of payment receipt in program

7.3.9.4 is amended to allow for payments to be received electronically.

[6.0 Procurement](#) [6.2 General](#) – References to the BC– Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) added.

[6.3.2 a 14](#) Pre-award and Solicitation – All Procurement – Reference to TILMA added.

[6.3.2 a 15](#) Pre-award and Solicitation – All Procurement – Reference to TILMA added.

[6.3.2 b 3](#) Pre-award and Solicitation – Goods – Reference to TILMA added and threshold reduced from \$25,000 to \$10,000.

[6.3.2 b 4](#) Pre-award and Solicitation - Goods - Threshold reduced from \$25,000 to \$10,000.

[6.3.2 b 5](#) Pre-award and Solicitation – Goods – Threshold reduced from \$25,000 to \$10,000.

[6.3.2 c 4](#) Pre-award and Solicitation - Services and Construction – Reference to AIT removed and reference to TILMA added. Paragraph split into two, one focusing on services and the other focusing on construction. Threshold for services reduced from \$100,000 to \$75,000.

[6.3.2 c 5](#) Pre-award and Solicitation – Services and Construction – Paragraph split into two, one focusing on services and the other focusing on construction. Upper limit threshold for services reduced from \$100,000 to \$75,000.

[6.3.2 c 6](#) Pre-award and Solicitation – Services and Construction – Word change from "and" to "or" in first sentence.

[6.3.5 a 7](#) Information Management and Information Technology (IM/IT) Procurement – Reference to AIT removed and threshold reduced from \$25,000 to \$10,000.

[6.3.5 a 8](#) Information Management and Information Technology (IM/IT) Procurement – Reference to AIT removed and threshold reduced from \$100,000 to \$75,000.

[6.3.5 a 11](#) Information Management and Information Technology (IM/IT) Procurement – Reference to TILMA added.

[6.3.5 b 12](#) Information Management and Information Technology (IM/IT) Procurement – Thresholds reduced from \$25,000 to \$10,000 and from \$100,000 to \$75,000. Reference to AIT deleted and reference to TILMA added.

[6.4.4](#) Agreement on Internal Trade – The sub heading "Agreement on Internal Trade" has been changed to "Trade Agreements". Existing material maintained as paragraph "a". New paragraph "b" added, covering TILMA and specifying its application.

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Revenue Management

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PART I Revenue

7.1 Objectives

- ensure that revenue from all sources is identified, claimed, recorded, collected and reported in a timely and effective manner
- receipts of money are accurately and completely accounted for and adequately controlled to prevent or detect error, fraud or omission
- proper administrative and control processes are established for accelerated transfer accounts, including authorization, review and reconciliation
- minimize, wherever practicable, the creation of accounts receivable

7.2 General

Ministries are responsible for ensuring that public money is adequately controlled, collected and reported.

Government Caucus Committee on Government Operations and the Economics Branch, Ministry of Competition, Science and Enterprise, reviews ministry proposals for new or modified fees, licenses and other charges.

Banking/Cash Management Branch, Provincial Treasury, is responsible for approval of corporate payment solutions that consider client and government needs, and approves accelerated transfer accounts with financial institutions.

Risk Management Branch, Provincial Treasury, receives and reviews reports on losses of public money.

Intergovernmental Fiscal Relations Branch, Treasury Board Staff, Ministry of Finance, is responsible for reviewing cost sharing arrangements.

Financial Management Branch, Office of the Comptroller General, develops and maintains revenue management policy.

7.3 Policy

7.3.1 Revenue Recognition

1. Revenue must be recorded at the earliest point at which goods or services or rights under an agreement are provided or performed, or when fines or penalties are imposed and taxes come due.
2. Revenue from the sale of goods must be recorded when government has transferred the significant risks and rewards of ownership to the buyer.

7.3.2 Fees and Licences

1. Ministries (and certain taxpayer-supported Crown entities and agencies) must submit proposals for changes to fees, licences and fines to the Treasury Board Fee Sub-Committee, Treasury Board Staff, as part of the budget process. Full instructions on the fee review process are available on the Treasury Board Staff [Budget Information](#) website (government access only).
2. Ministries must maintain a complete and up-to-date inventory of fees, licenses and other non-tax charges, and services that are provided at no charge.

7.3.3 Cost Sharing Arrangements

1. Ministries must maintain an inventory of intergovernmental or public/private cost sharing arrangements and make claims under these agreements promptly. At each fiscal year-end, ministries must report cost sharing arrangements to the Intergovernmental Fiscal Relations and Income Security Branch, Ministry of Finance.
2. Chief financial officers must participate in the negotiation and monitoring of cost sharing arrangements to ensure that there are appropriate financial systems and internal controls in place.

7.3.4 Internal Control of Public Money

1. Ministries must establish effective systems and controls for the identification, receipt, collection and safeguarding of public money. Accounting records must be supported by a complete audit trail.

7.3.5 Delegation of Authority

1. Deputy Ministers must approve their ministry revenue authorities matrix that lists those officers who are authorized to:
 - a. receive public money;
 - b. extend credit;
 - c. issue invoices;
 - d. write off debts;
 - e. approve credit notes;
 - f. approve refunds;
 - g. approve journal vouchers;
 - h. initiate set-offs; and
 - i. waive dishonoured cheque service fees.
2. Specimen signature cards approved by the signing authorities officer must be maintained in respect of the authorities granted under policy 1.
3. Officers authorized to *receive public money* (policy 1(a)) must not be given any other authority described in policy 1.
4. Officers authorized to *issue invoices* (policy 1(c)) must not be given authority to receive public money, write off debts, approve credit notes, refunds or journal vouchers, or initiate set-offs.
5. Any exception to policy 3 or 4 to accommodate an extraordinary ministry operational requirement (e.g., limited office staff) must be checked by appropriate compensating controls and balanced against the risks in the circumstances. Ministry chief financial officers must approve any such exception to policy.

7.3.6 Credit Management

1. Ministries must grant credit only where:
 - the terms and conditions of a loan agreement or other program provide for payment; or
 - services, goods or rights under an agreement are provided on specific credit terms.
2. Ministries providing loans, or goods, services or rights under an agreement on credit must assign an officer with responsibility for credit management functions.

7.3.7 Billing and Payment

1. When payment is not received at the time that goods and services are provided, an invoice or other type of debit note must be issued as soon as possible (e.g., within 30 days). Where goods and services are provided on a continuing basis or over a long period of time, invoices must be issued at regular intervals.

7.3.8 Acceptance of Electronic Payments

Ministry programs will provide for electronic payment instruments for consumer convenience and consistency when accepting public money.

1. The Banking/Cash Management Branch, Provincial Treasury, will coordinate ministry acceptance of electronic payments. This ensures that adequate security and process standards are maintained including safeguarding the integrity and non-repudiation of transactions and data storage, retention and use.
2. Ministries are responsible for any costs associated with electronic payment transactions incurred by program areas operating within their mandate, including disputed sales.

3. Banking/Cash Management Branch, Provincial Treasury, will determine a standard suite of electronic payment options based on program type and delivery models. Consideration will be given to corporate solutions and government agreements with banks and card processors in addition to ministry and program objectives.

7.3.9 Receipts and Deposits

1. Public money must be deposited promptly to the credit of the Minister of Finance:
 - to an accelerated transfer account at a financial institution;
 - with a government agent;
 - or other person appointed by the Minister of Finance to receive deposits of public money on behalf of the government.
2. Post-dated cheques must be listed and secured until their payment date and deposited promptly at that time.
3. Ministries must issue a receipt to payers of public money that is paid in cash at the time the exchange takes place. Ministries must discourage the remittance of cash through the mail. Ministries must record the collection of all public money.
4. Payment may be made by cash, cheque, or electronically. Ministries can refuse to accept cheques in certain circumstances, which must be approved by the ministry chief financial officer.
5. Cheques and other negotiable instruments must be endorsed "*For Deposit Only to the Credit of the Minister of Finance*" immediately upon receipt, except for remittances where conditions for payment have not been met (e.g., security deposits). Payments that do not meet payment conditions (e.g., conditional payment) must be returned immediately to the remitter.
6. Whenever payment is made by a cheque by a member of the public in person, ministries must make reasonable checks before accepting the payment. For example, compare the cheque details to the person's separate identification to match the name and address.
7. Ministries must provide adequate facilities for the safekeeping of public money at all times (e.g., from the time received until it is banked).
8. Deposits must be made *daily* except where circumstances dictate this is not practicable or cost effective. The ministry's chief financial officer must approve any exceptions.

[Procedure Requirements - G.1](#)

7.3.10 Accelerated Transfer Accounts

1. Ministries must keep the number of accelerated transfer accounts to a minimum. Ministry applications for accounts must be consistent with operating requirements.
2. The Banking/Cash Management Branch must only set up accelerated transfer accounts with financial institutions.
3. Ministries must keep an adequate record of deposits to accelerated transfer accounts, and provide this record to the Office of the Comptroller General, upon request, for bank reconciliation purposes.
4. Ministries must keep an adequate record of their accelerated transfer accounts. This ministry record must be reconciled at least annually to the central record maintained by Banking/Cash Management Branch.
5. Ministries must review accelerated transfer accounts at least annually to ensure each account is still required. Any account not required must be closed.

[Procedure Requirements - G.2](#)

7.3.11 Refunds

1. Ministries must define "*money received for any purpose that is not fulfilled*", and must determine whether refunds are permitted, and the minimum amount to be refunded. In making these determinations, ministries must take into account enabling legislation and regulations under which revenues are collected.
2. Ministry policies regarding refunds must be documented and communicated as part of the schedule of fees and

licences, and must be consistently applied.

3. Refunds must be identified and recorded in the ministry's accounting records.
4. Where a partial refund is made, the reason for refunding a reduced amount must be documented.

7.3.12 Dishonoured Banking Instruments

1. Where a banking instrument (e.g., a cheque, pre-authorized debit or electronic funds transfer) has been deposited by the Province in settlement of a claim and it has been subsequently dishonoured, an accounts receivable must be set up by the responsible ministry. The amount must include a dishonoured banking instrument fee shown separately on any billing. A fee of \$30 will be levied against each banking instrument that is dishonoured.
2. Ministries must immediately advise debtors of their dishonoured banking instrument and the fee charged.
3. Payments received for dishonoured banking instrument fees must be paid into the Consolidated Revenue Fund and identified from other public money by use of a separate STOB.

7.3.13 Exchange Rates

1. The Office of the Comptroller General (OCG) establishes a Canadian/U.S. dollar [exchange rate](#) at the start of each fiscal quarter, or more frequently where fluctuations are significant. OCG must advise ministries and government agents of the prevailing quarterly rate two working days preceding each fiscal quarter.
2. The difference between the actual premium received from or discount paid by the financial institution and the established exchange rate must be recorded in the U.S. Fund Exchange STOB established by OCG.
3. Overpayments resulting from payments received by mail in U.S. funds must be credited initially to a miscellaneous STOB of the ministry. Underpayments resulting from payments received by mail in U.S. funds must be accepted or returned according to the amount of the underpayment and the status of the debtor.
4. All payments received in U.S. funds exceeding \$10,000 must be deposited according to procedures established by the Banking/Cash Management Branch, Provincial Treasury. Ministries must consult with Provincial Treasury in respect of these deposits.

[Procedure Requirements - G.4](#)

7.3.14 Suspense Accounts

1. Where public money has been received and cannot be immediately identified, it must be paid into the Consolidated Revenue Fund and credited to a suspense account established for that purpose.
2. Entries in suspense accounts must be cleared to appropriate accounts as soon as sufficient information is received. In no case should this time exceed one month.
3. Monthly, each ministry must analyze its suspense accounts and reconcile them with the balance reported in the central accounting system.

7.3.15 Insurance Proceeds

1. Ministries must ensure that insurance claims are submitted to the Risk Management Branch, Provincial Treasury, for presentation to the insurer. Ministries must maintain a record of claims submitted and insurance proceeds received.
2. Ministries, in consultation with the Risk Management Branch, must identify the value of and likelihood of receiving proceeds from an insurance claim. A ministry must record the claim as an account receivable when the value is determinable and expected to be received.
3. When insurance proceeds are received before incurring an expenditure, they must be paid into the Consolidated Revenue Fund and credited to a suspense account.
4. When insurance proceeds are received in the same fiscal year to replace an insurable loss not involving tangible capital assets, ministries must credit the proceeds to the expenditure service line. Unless an account receivable for the claim has been recorded (as in policy 2), proceeds received in a subsequent fiscal year must be credited to a miscellaneous revenue STOB, "Insurance Proceeds."
5. Insurance proceeds from loss or damage to tangible capital assets, regardless of the fiscal year, must be recorded as

proceeds of disposition/disposal and form part of the gain/loss calculation on disposal of tangible capital assets.

6. Where no expenditure has resulted from a loss, damage or other event, insurance proceeds must be paid into the Consolidated Revenue Fund and credited to a miscellaneous revenue STOB, "Insurance Proceeds". Proceeds from loss or damage to tangible capital assets must be recorded as proceeds of disposition/disposal and form part of the gain/loss calculation on disposal (as in policy 5 above) and the write down of the asset not replaced.
7. Where the amount of insurance proceeds is greater than any expenditure resulting from a loss, the surplus must be paid into the Consolidated Revenue Fund and credited to miscellaneous revenue STOB, "Insurance Proceeds". Surplus proceeds from loss or damage to tangible capital assets must be recorded as required in Policies 5 and 6.

PART II Accounts Receivable

7.1 Objectives

- manage accounts receivable effectively, including prompt and vigorous collection to minimize amounts owing to government
- provide consistent and equitable treatment to debtors, and regular communication on amounts owing
- charge interest on overdue accounts receivable
- ensure uncollectible accounts receivable are written off under the proper authority, and only after all reasonable and appropriate collection action has been taken
- ensure that debts extinguished by legislation are adjusted in a timely manner

7.2 General

Ministries are responsible for effective communication with debtors, third parties and the Collection and Loan Management Branch (CLMB); and ensuring that accounts receivable are adequately reported, collected, extinguished or written off as appropriate.

CLMB, Ministry of Small Business and Revenue, is authorized to collect delinquent non-tax debts on behalf of ministries that do not specialize in the collection function or have specific authority under legislation other than the *Financial Administration Act*. CLMB also has the authority to sign third party demands on behalf of the Minister of Finance and to set off taxes owed to the debtor by Canada Customs and Revenue Agency.

The Office of the Comptroller General maintains policy for the administration of accounts receivable and provides quarterly and annual government-wide receivables performance reports.

7.3 Policy

7.3.1 Recording of Accounts Receivable

1. All amounts determined to be due to the government must be promptly recorded as an accounts receivable by the ministry. Each account receivable must be recorded and maintained until payment is received or the recorded amount is written off or extinguished.
2. An adequate provision for doubtful accounts must be established. When all reasonable efforts fail to collect an account receivable and it has been approved for write off, the related provision for doubtful accounts should be reduced.

7.3.2 Control and Subsidiary Accounts

1. Ministry accounting systems must incorporate control accounts, where applicable, to ensure the completeness and accuracy of individual accounts.
2. A ministry's accounts receivable control STOB must include all receivables except loans, mortgages and accountable advances. Separate control STOBs must be maintained for loans, mortgages and accountable advances. Each control STOB must consist of total amounts due, less total amounts received, and any authorized adjustments.
3. Ministries must maintain subsidiary accounts for individual debtors in a manner that discloses, at a given point in time, the aggregate amount owed by each debtor as well as individual amounts making up the aggregate amount. Ministries

must also produce aged trial balances for review by senior officers.

4. Monthly, ministries must reconcile subsidiary accounts with the control STOB for each accounts receivable, loans receivable, mortgages receivable and accountable advances.

7.3.3 Statements to Debtors

1. Ministries must issue periodic statements to debtors providing meaningful and concise information on the status of their debts (e.g., identifying principal and interest components). Ministries must determine the frequency of issuing statements based upon the nature of the accounts receivable.
2. Where an amount is due under a loan or other agreement, the debtor must be notified at least 30 days before the due date. If interest is to be assessed for late payment, it must be specified on the invoice and statement.

7.3.4 Reporting Requirements

1. By July 20, October 20, January 20 and April 30 of each year, the ministry chief financial officer must report to the Financial Management Branch, OCG, accounts receivable on an aged basis, and by each major revenue source or program as at the quarterly period ended. Explanations of significant variances from the report for the previous quarter must be included with each quarterly report. The aging categories must be as follows:
 - accrued/not accrued;
 - current;
 - 31 - 60 days;
 - 61 - 90 days;
 - 91 days - 1 year;
 - 1 - 2 years;
 - 2 - 3 years;
 - over 3 years.
2. By April 30 of each year, the chief financial officer must report to the Financial Management Branch, OCG, a summary of accounts receivable activity by source or program for significant revenue and accounts receivable at fiscal year-end (revenue normally exceeding \$25 million, or accounts receivable balances normally exceeding \$5 million).

7.3.5 Interest on Accounts Receivable

1. Ministries must charge interest on amounts owing to the government in accordance with the [Interest on Overdue Accounts Receivable Regulation](#).
2. Ministries must calculate [interest on overdue accounts receivable](#) on a prorated basis (compounded monthly as in policy 9) commencing on the first day after the money becomes due. Money is due when:
 - an invoice or a written request to the debtor for payment had been issued and not paid within 30 days; or
 - the goods have been delivered in good condition or the services have been performed in accordance with the contract and not paid within 30 days.
3. Where the amount of interest calculated is \$5.00 or more it must be added to the accounts receivable. Where the amount is less than \$5.00 it is deemed not due to the government.
4. When a debtor pays an account in full within 30 days, the ministry must accept payment of that amount as full settlement of the account.
5. Ministries must record interest charges owing separately in their accounts receivable records and identify individual amounts owing for each debtor.
6. Ministries must advise each debtor of all interest charges to the debtor's account either by separate invoice or through periodic statements of account.
7. Ministries must deposit payments for interest charges to the Consolidated Revenue Fund.

8. Where interest arises from a loan agreement or similar contractual arrangement, interest on the past due principal and interest must be calculated according to the terms and conditions of the contract.
9. When a debt has been written off, ministries must stop recording interest as revenue and an amount owing. If a debt that was written off is reactivated, the ministry must record interest from the date the debt was written off until the debt is paid.
10. The interest calculated must be compounded monthly. Monthly compounding occurs on the same day, as the due date in any subsequent calendar month (i.e., if the due date is May 11, then the first compounding date is June 11). Compounding is based on the number of days from, but excluding the last compounding date (or if no compounding date has yet occurred, the due date) to and including the current compounding date.

[Procedure Requirements - G.7](#)

7.3.6 Ministry Collection Action

1. Each ministry must establish a collection strategy that takes advantage of the full range of available collection methods, tools and specialists. The collection strategy needs to complement program needs and statutory requirements.
2. Ministries must establish an accurate and timely reporting system to notify collections staff when an accounts receivable becomes overdue.
3. Ministries must take prompt and vigorous action to collect overdue accounts receivable. Ministries must establish fair but determined processes to recover these accounts.
4. Ministries must document all actions taken to collect overdue accounts.
5. Each ministry is accountable for its own accounts receivable collection results. This accountability for collection results does not end on the transfer of a ministry's accounts receivable to a central government collection branch, a private collection agency or by any other alternative method of collection.
6. Accounts receivable are considered overdue when a debtor does not pay or resolve the debt within 30 days after the government issues an invoice or a written request for payment to the debtor.
7. Accounts receivable, in most cases, should be at least 30 days overdue (i.e., 60 days after invoice notification), before ministries advise debtors that their accounts are overdue and that the accounts may be:
 - turned over to a central government collection or private collection agency; or
 - subject to legal action.
8. In circumstances where the government owes money to a person, and that same person owes money to the government, recovery must be initiated by the creditor ministry by way of:
 - adjustment to payment, if within the ministry; or
 - set-off through Legal Encumbrance Section, OCG if between ministries
9. When a payment has been received and two or more ministries have claims against a debtor, they must be addressed in the following order:
 - first, by the expressed statements or implied actions of the debtor;
 - second, to the government's advantage; and
 - third, to the earliest debt in time, and to interest before principal.
10. Ministries must enter into information sharing agreements when sharing personal information with another ministry or public body for the purpose of collecting government debt, as indicated by section 33 (i) (i) of the [Freedom of Information and Protection of Privacy Act](#).

7.3.7 Employee Collection Action

1. Ministries must immediately inform employees of any salary or other overpayments and establish a mutually agreeable schedule for full repayment. The repayment schedule must be signed off by the ministry and the employee, and placed on the employee's payroll file. The amount owing must be recorded as an account receivable until the overpayment has been recovered. Where the employee will not agree to a reasonable repayment schedule, deductions from pay can

be made without the employee's written authorization. The deduction may be considered repayment of an advance.

2. Ministries must consult with Strategic Human Resources in any situation where the collection action being considered is beyond the scope of this policy.

7.3.8 Set-offs

1. Before set-off action is initiated, ministries must ensure that all regular means of collecting the debt have been considered and attempted.
2. Ministries must forward interministry set-off requests submitted under section 38 of the [Financial Administration Act](#) to the Comptroller General for approval.
3. After approval by the Comptroller General, the account receivable of the debtor may be reduced once processing of the cheque or payroll requisition is completed.
4. Where the amount due to the government is less than or equal to the amount owing by the government, the payment requisition must include the amount to be set-off against the gross amount to be paid. This policy does not apply to contractual arrangements containing a specific provision not to set-off.
5. The ministry must initiate set-off action to protect the government's interest for any goods or services provided prior to the date of appointment of a receiver or of an assignment in bankruptcy. Any residual amount payable is to be paid to the receiver or trustee in bankruptcy, as appropriate. The ministry must consult with its legal counsel if there is any doubt as to the legality of the payment.
6. When the ministry wishes to take set-off action against a Crown corporation or a public body of the Province, it must first consult with the ministry responsible for the debtor entity. The result of this consultation must be included with the request to the Comptroller General for set-off action. A copy of the request must be sent to the chief financial officer of the ministry responsible for the debtor.
7. Before initiating a trust account set-off, ministries must obtain a legal opinion that this action is acceptable, either under statutes governing the trust or under the trust instrument itself. Ministries must include a copy of the opinion with the set-off request.
8. When a set-off is made, the debtor must be informed in writing of the gross payment, the set-off amount and the net payment.
9. Where two or more ministries are pursuing set-off action with a debtor and the government receives a payment for less than the total of all claims, the funds must be allocated to the ministries in the order outlined in [Ministry Collection Action](#), section 7.3.6, policy 9. Where ministries do not agree on the priority of their respective claims, the Comptroller General must allocate the funds.
10. With the exception of salary overpayments, ministries must provide employees who owe money to the Province with written notice of the intent to set-off. Notice must be presented to the employee directly.
11. Where third party demands are initiated at the same time as set-off action, the ministry must inform the Assistant Manager, Legal Encumbrance Branch, OCG, immediately when payment is received. When a debt is recovered in full, all set-offs and third party demands relating to the debt must be cancelled and any surplus funds must be returned promptly.

7.3.9 Third Party Demands and Garnishments

1. The ministry chief financial officer must ensure that the following information is retained on file prior to approving a request for a third party demand:
 - how and when the debt arose;
 - evidence that the debt can be collected legally;
 - collection action taken to date;
 - the reason for initiating the third party demand;
 - third parties known to do business with, or who employ, the debtor;
 - set-off action instituted or recommended; and
 - a completed (but unsigned) Third Party Demand Notice.
2. Prior to issuing a request for a third party demand, ministries must ensure:

- accounts receivable collection has been pursued consistent with policy;
 - the debt can be collected legally. Where doubt exists, the ministry must request that legal counsel obtains a judgment against the debtor; and
 - consider set-off action; or
 - consider a defined payment schedule.
3. Ministries must forward unsigned Third Party Demand Notices together with documentation indicating the chief financial officer's approval to the Collection and Loan Management Branch (CLMB) for sign-off.
 4. The debt must include interest in accordance with policy. The third party demand must stipulate that interest is accruing.
 5. Normally, ministries should not initiate a demand on a third party until at least 90 days after the debt was incurred. In certain instances, however immediate collection may be warranted. A third party demand must be requested promptly and normal means of collection can be bypassed or shortened.
 6. A third party demand on an employer must not exceed 30 per cent of the net wages or salary per pay period of the employee (debtor) except where the ministry considers it is unlikely that the remainder of the debt will be collected, or the debtor will remain employed with that employer.
 7. The debtor must be notified by the ministry at the same time and in the same manner as a demand is made on a third party.
 8. Ministries must not execute against joint bank accounts unless all parties to the account are debtors of the Province.
 9. If set-off relating to the same debt has been initiated, the ministry must also inform the Assistant Manager, Legal Encumbrances Branch, OCG, upon receipt of payments.
 10. When a debt to the government is paid in full, all demands and set-offs for that debt must be cancelled. Surplus funds received from the third party or from the debtor must be returned promptly.
 11. Verbal instructions to the third party by a ministry officer are sufficient to cancel a demand notice. Verbal cancellation of a demand notice must be confirmed in writing by the ministry.
 12. A third party demand expires when the debt is paid in full, or if applicable, at the end of the term set out in the demand notice.
 13. Where there is any doubt about government proceedings, ministry legal counsel must be consulted to ensure that garnishment orders are obtained in an appropriate manner.

7.3.10 Collection and Loan Management Branch

1. Ministries must obtain approval from Treasury Board Staff to transfer the collection of delinquent debts to the Collection and Loan Management Branch (CLMB).
2. Either the ministry or CLMB can seek to establish a memorandum of understanding for the transfer of delinquent debts. The parties must submit a joint proposal to Treasury Board Staff providing the general framework for the transfer of debts from the ministry to CLMB.
3. The ministry and CLMB must complete a memorandum of understanding, based on a netting model, for the recovery of administrative costs. The memorandum of understanding should set out any direct reimbursement by the ministry to CLMB for services or costs not covered by the netting model.
4. Prior to a ministry referring debts to CLMB, the ministry must validate all accounts and ensure that the debts are clear of any appeals and/or adjustments.
5. The ministry and CLMB must sign an information sharing agreement that provides direction on the reasons for collection and for the use and disclosure of that personal information.

7.3.11 Private Collection Agencies

1. Ministries must only consider the services of private collection agencies to recover debts owed to the government after the ministry's normal collection activities have been exhausted, or when a business case supports this collection option.
2. Commission costs for private collection agencies to collect ministry delinquent accounts receivable must only cover

fees payable for the successful collection of debt. The cost of additional services that are not directly related to the successful collection of debt (e.g., skip tracing, credit checks, credit bureau reporting) cannot be netted from collection proceeds and must be funded by the ministry.

3. Ministries must not use private collection agencies for debts due from the following:
 - other ministries or agencies, trusts, boards or commissions and government organizations;
 - provincial government employees from whom the ministry can recover by set-off action;
 - other governments; and
 - participants in a current appeal or a court proceeding.
4. The ministry and the private collection agency must complete a contract specifying the transfer of delinquent debts and the details of collection. The contract must include the commission rate for accounts collected, the cost of additional services and the rights and obligations of each party.
5. The amount of a fee or the rate of commission must be reviewed by the ministry and approved by Treasury Board as part of the annual review of fees and licenses.

7.3.12 Write-offs

1. Only those debts for which all reasonable and appropriate collection action has been taken can be submitted for write-off.
2. Ministries must ensure that uncollectible debts are reviewed at least once a year and identify those debts that should be submitted for write-off.
3. All write-off submissions must include the relevant debt information. Submissions for the write-off of debts exceeding \$5,000 must be appropriately categorized, and must include details of the collection action taken, the debtor's financial status (if relevant), and why further collection action is not possible.
4. The categories for submission are:
 - debtors who have died leaving no estate;
 - debtors who cannot be located;
 - debtors who are indigent;
 - debtors residing outside of Canada in locations where there are no apparent means of collection and there is no indication that the debtor has family or business ties that might encourage return to Canada;
 - debts where, in the view of the creditor ministry, further expenses to collect are not justified in relation to the amount of the debt and the possibility of collection;
 - debts where legal counsel has indicated that the amount involved does not warrant the prospective costs of action to collect;
 - debts where liability has not been admitted by the debtor and where the success of proceedings to collect is unlikely;
 - debts where the existence of an enforceable debt due the Crown cannot be readily established (e.g., where records have been lost or destroyed and the ministry is unable to prove receipt of services by the debtor); and
 - debts where a corporation is inoperative and without assets.
5. The chief financial officer must authorize the write-off of receivables of \$5,000 or less. This authority may be delegated to officers within the ministry to write off individual debts of \$500 or less. Officers must maintain adequate records of any amounts that they have written off and report quarterly to the chief financial officer on any write-off action taken during the quarter.
6. The executive financial officer must recommend the write-off of debts greater than \$5,000 and less than or equal to \$100,000. Submissions for approval must be made to the Comptroller General through the Financial Management Branch, OCG.
7. The respective minister must sign on the recommendation of the executive financial officer all submissions for the write-off of debts greater than \$100,000. Submissions for approval must be made to Treasury Board through the Financial Management Branch, OCG.
8. Ministries must not submit the following debts to the Comptroller General or to Treasury Board for write-off:

- bankrupt individuals – when an order of discharge has been granted, the ministry must remove the account on the basis of the order;
 - judgment or other court orders – when it is determined that the Province can collect a lesser amount than the recorded debt, the ministry must adjust the account on the basis of the court's order;
 - restrictions imposed by statute – where a statute restricts the amount of a debt (e.g., the *Court Order Enforcement Act*, the *Limitation Act*), the ministry must adjust the account on the basis of the recoverable amount.
9. Debts of a bankrupt corporation must be written off through the normal procedures since, according to the *Federal Bankruptcy and Insolvency Act*, a corporation may not apply for a discharge unless it has fully satisfied the claims of its creditors.
 10. After consulting with its legal counsel, a ministry may accept a compromise settlement of a debt. A portion of the original debt must be written off as identified under the terms of an agreement.
 11. When authority has been received to write off a debt, the debt must be transferred from the ministry accounts to a reference file of "debts written off", where it must remain until paid, or forgiven (pursuant to section 18 or 19 of the [Financial Administration Act](#)), or extinguished pursuant to other legislation.
 12. Annually, ministries must submit statements of debts written off during the fiscal year, together with supporting authorizations, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

7.3.13 Extinguishments

1. The responsible minister must authorize all submissions for extinguishment. Proposals must be forwarded for review to the Minister of Finance, through the Financial Management Branch, OCG, prior to submission to the Lieutenant Governor in Council.
2. The Minister or the Deputy Minister of Finance, or the Assistant Deputy Minister, Provincial Treasury, pursuant to [BC Regulation 269/92](#), can conclude a settlement agreement or compromise settlement to forgive some or all of a debt or obligation not exceeding \$100,000. In addition, the following CLMB officers have authority to conclude a settlement agreement to forgive some or all of a debt or obligation (principal plus interest) to the following limits:
 - the director – \$40,000;
 - a manager – \$20,000;
 - a collection officer – \$10,000.
3. A ministry may accept a compromise settlement of a debt only after approval by Legal Services, Ministry of Attorney General. A portion of the original debt can be extinguished under the terms of an agreement.
4. Annually, ministries must submit statements of debts extinguished during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

7.3.14 Remissions

1. Submissions for remission orders must be:
 - prepared by the ministry officials responsible for revenue management;
 - recommended by the senior and executive financial officers;
 - recommended by the Minister of Finance; and then
 - submitted to the Executive Council (i.e., Cabinet).
2. Recommendations submitted pursuant to policy 1 must be to:
 - approve;
 - approve with conditions;
 - not approve; or
 - provide no opinion because of conflict of interest or some other circumstance that makes an opinion inappropriate or impossible.
3. All submissions for individual ministry remission orders must, at a minimum, contain the following information:

- the name and address of the person whose obligation is to be forgiven;
 - the amount to be remitted;
 - justification for remission;
 - sufficient background information to enable Cabinet to form an opinion on the question of whether "great public inconvenience", "great injustice" or "great hardship" will result if the remission is not granted; and
 - other information, including ministry comment for or against the remission.
4. Annually, ministries must submit statements of remissions granted during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.



Procurement

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PART I: Procurement

6.1 Objectives

The following objectives for government procurement activity for goods, services and construction are based on the principles of fair and open public sector procurement: competition, demand aggregation, value for money, transparency and accountability.

- acquisitions are managed consistent with government policy and requirements of trade agreements
- government receives the best value for money spent on contracts
- vendors have fair access to information on procurement opportunities, processes and results
- acquisition and disposal opportunities are competed, wherever practical
- ministries and [Common Business Services](#) (CBS) only engage in a competitive process with the full intent to award a contract at the end of that process
- ministries and CBS are accountable for the results of their procurement decisions and the appropriateness of the processes followed
- government buying power is leveraged through corporate supply arrangements (CSAs) and demand aggregation, wherever practical
- the cost of the procurement process, to both vendors and ministries, is appropriate in relation to the value and complexity of each procurement
- assets surplus to the needs of government are disposed of in a coordinated way to maximize the dollar return to government, and to minimize the risk to the environment

6.2 General

This policy applies to government contracts (i.e. agreements to procure goods, services and construction) and to contract expenditures chargeable to the Consolidated Revenue Fund (including special funds) and trust funds. This policy does not apply to statutory and formulae-driven contributions, such as government transfers (entitlements) to school boards, hospitals, universities and colleges that do not normally require a contract.

The Province is a party to the national [Agreement on Internal Trade](#) (AIT) and the [British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement](#) (TILMA). Ministries must abide by the terms and conditions of the agreements when undertaking contracts.

Roles and Responsibilities

Ministries are responsible for:

- planning, managing and fully documenting the process to acquire goods, services and construction;
- using all existing CSAs for goods and services to meet program requirements;
- managing solicitation and contract award processes in a prudent and unbiased manner that fairly treats all potential vendors and bidders;
- ensuring that contracts for goods, services and construction are designed to provide the best value to government;

- ensuring that all ministry acquisitions and disposals are consistent with policy, applicable legislation and trade agreements;
- declaring goods surplus when their use to the ministry has ended; and
- ensuring compliance with this policy.

Common Business Services (CBS) is responsible for:

- identifying, planning, negotiating, establishing, managing and fully documenting corporate supply arrangements that will provide best value to the Province;
- managing and fully documenting the processes used to acquire goods, services and construction when requested to do so on behalf of a ministry;
- managing solicitation and contract award processes in a prudent and unbiased manner that fairly treats all potential vendors and bidders;
- ensuring that contracts for goods, services and construction are designed to provide the best value to government;
- ensuring that all CBS acquisitions and disposals are consistent with policy, applicable legislation and trade agreements;
- disposing of all tangible and intangible assets that are surplus to government except as provided by ministry legislation, or Treasury Board directive(s);
- providing operational advice to ministries for procurement services within the scope of CBS's activities;
- providing advice on all transactions involving Crown Copyright and Intellectual Property; and
- ensuring compliance with this policy.

The *Procurement Governance Office* is responsible for:

- developing and revising corporate procurement policy and providing official communications and interpretations of this procurement policy;
- monitoring and reporting for compliance with this procurement policy;
- establishing and managing policy for a formal government vendor complaints resolution process, including an internal escalating complaint resolution procedure in ministries and CBS, and a last resort procedure in PGO;
- providing support and advice on corporate procurement policy, including development and management of a procurement training curriculum (currently under development); and
- being the contact point for the negotiation, compliance and reporting requirements for the national Agreement on Internal Trade chapter 5 – Procurement and for procurement related matters in the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement.

The *Financial Management Branch* is responsible for developing and revising corporate contract administration and monitoring policy and providing official communications and interpretations of this policy.

The *Procurement Council* supports an effective and productive relationship between procurement governance, procurement service and clients for shared service procurement delivery, including promotion of best practices for government procurement and corporate resolution of procurement policy and service issues.

6.3 Policy

6.3.1 Procurement Planning

1. Procurement planning must be undertaken as part of the program/service planning process.
2. CBS must identify opportunities for demand aggregation that provide overall savings to the Province. Ministries and the agencies within their authority must participate in CSAs established by CBS, and advise CBS of their procurement plans and requirements for common goods, services and construction in advance of program needs.
3. Ministries must review alternatives to acquiring new goods, services and construction such as considering repairs to

existing assets and transfer of used assets.

4. Ministries must have the appropriate authority and funding to complete a procurement project prior to soliciting proposals, awarding a contract, or contracting for any goods, services, or construction.
5. For service contracts greater than \$100,000, before taking any steps to find a contractor, a ministry must ensure that a cost / benefit justification exists for the contract, including, where appropriate, comparing the cost of contracting out with the cost of providing the service in-house if the resources were available. Contract outcomes must be defined; and the contract must be consistent with policy, applicable legislation, and trade and collective agreements.
6. Where a contract for the continuation of a service is to be awarded (that is not the result of exercising an option to renew) and the requirements have not changed from those provided under the initial contract, the ministry may rely upon the original cost / benefit justification if it is still relevant. If not, the ministry must update the original justification or provide a new justification.
7. A contract must not result in the contractor occupying an ongoing organizational position, or take the place of work normally conducted or acquired by a central agency. In addition, a contract must not result in the establishment of an employer/employee relationship. Every contractor engaged by the government must be independent and operating at arm's length from government.
8. Ministries and staff must not divulge any information that could impair the negotiating position of the government or that could benefit the competitive position of one contractor at the expense of another.
9. Where funding is provided to the contractor to acquire assets the contract must identify the assets and the funding provided for the purpose of acquiring the assets. The contract must also state who owns the assets that are provided to a contractor by a ministry; the assets created as a result of the contracted services; or the assets that are purchased by the contractor with funds provided by the ministry. The contract must also state who is responsible for the maintenance of the asset during the period of the contract and the disposition of the assets at the termination of the contract.
10. Ministries must not provide government assets to contractors, or fund a contractor's asset acquisition, where doing so could be viewed as a business subsidy or would create an employer/employee relationship.
11. Ministries and CBS must not bestow a favour on, or grant preferential treatment to, any prospective contractor.
12. An employee who has received benefits under a voluntary exit program must repay all or a portion of the lump sum payment if remuneration is received from a contract with the government within the period beginning with the date of termination of employment and for the number of months equivalent to the amount of the benefits.
13. An employee who has received a severance payment on termination of employment must repay all or a portion of the lump sum payment if remuneration is received from a contract with the government within the severance settlement period.
14. Ministries and CBS are encouraged to follow the Guidelines for Procurement of Environmentally Responsible Products and Services. These guidelines are available under the Procurement Procedures available on the [CBS website](#).

6.3.2 Pre-award and Solicitation

a. All Procurement

1. Ministries must not use any procurement or solicitation instrument (e.g., RFP) to acquire goods or services that are currently available through a CSA. CSAs must be used where available. The following is an illustrative list of CSAs in government and the responsible organizations through which these commodities must be obtained.

Goods and Services	Responsible Office
Goods and services CSAs which are identified at the following website: http://www.pss.gov.bc.ca/csa/csa.html	Purchasing Services Branch, Common Business Services, Ministry of Labour and Citizens' Services
Advertising and publications (excluding recruitment advertising) – all informational communications for the Province including Agencies of Record	Public Affairs Bureau, Ministry of Finance
Common IT Services	Common Business Services, Ministry of Labour and Citizen's Services
Employee household relocation services	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
Insurance and insurance related services	Risk Management Branch, Provincial Treasury, Ministry of

	Finance
Legal services	Legal Services Branch, Ministry of Attorney General
Mail processing and distribution services, which are identified at the following website: http://www.pss.gov.bc.ca/bcmp/	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
Mail Processing Equipment	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
Paper, office products, protocol giftware, and stationery products which are identified at the following website: http://www.pss.gov.bc.ca/dcv	Distribution Centre Victoria, Common Business Services, Ministry of Labour and Citizens' Services
Uniforms, protective clothing and emergency preparedness products which are identified at the following website: http://www.pss.gov.bc.ca/pdc	Product Distribution Centre, Common Business Services, Ministry of Labour and Citizens' Services
Polling services	Public Affairs Bureau, Ministry of Finance
Printing equipment and servicing	Queen's Printer, Common Business Services, Ministry of Labour and Citizens' Services
Printing services which are identified at the following website: http://www.pss.gov.bc.ca/qp/	Queens' Printer, Common Business Services, Ministry of Labour and Citizens' Services
Recruitment advertising – the BC Public Service Agency has assigned an Agency of Record for this service.	BC Public Service Agency
Real property and accommodation infrastructure services	Accommodation and Real Estate Services
Records storage services	Corporate Records Management Branch, Ministry of Labour and Citizens' Services
Risk assessment and consulting	Risk Management Branch, Provincial Treasury, Ministry of Finance
Statistical services	BCStats, Service BC, Ministry of Labour and Citizens' Services
Vehicle acquisitions, repair and maintenance	Purchasing Services Branch, Common Business Services, Ministry of Labour and Citizens' Services

2. An employee must not participate in a contracting decision if the contract involves a direct relative, a person married to a direct relative, or a person sharing the same household as the employee. A direct relative means a spouse, parent, grandparent, grandchild, brother, sister, son, or daughter.
3. An employee who is exposed to an actual, perceived or potential conflict of interest in relation to an actual or proposed solicitation must disclose the matter to his or her supervisor and/or the contract manager. If, after review, it is determined that there is a conflict, the supervisor or contract manager must remove the employee from this particular contract situation. An employee who fails to disclose a conflict of interest can be subject to disciplinary action up to and including dismissal. Any suspected conflicts of interest must be investigated and resolved (Personnel Management Policy Manual, Standards of Conduct, policy 5.4).
4. Ministries may directly acquire goods and services when an unforeseen emergency exists. Emergency Purchase Orders (EPOs) must only be used to meet extraordinary deadlines that have pre-empted the ability to access the normal acquisition processes for goods and services (e.g., CSAs, CBS's distribution centres, requisitioning). Ministries must limit the authority to issue EPOs to designated positions with appropriate signing authority. Where the appropriate ministry authority determines that it is essential to proceed, a written explanation of the need for an EPO must be kept on record.
5. Ministries must use the standard government formats for solicitation documents (e.g., [ITT](#), [RFP](#), [RFQ](#), [ITQ](#), [RFSO](#)) available from CBS. Ministries must obtain the approval of CBS and legal counsel for any changes to the standard formats. Only current versions of the solicitation documents may be used.
6. When subdivision of a major project into two or more component parts occurs, the Terms of Reference, Business Case and solicitation document for each component part must clearly disclose the potential combined scope of the project. Approval, by the expense authority, must be sought on the combined value of all contracts issued for a sub-divided project.
7. All standard competitive processes (i.e., ITT, RFP, ITQ, RFSO, RCSA) must provide identical information for potential bidders or proponents to the solicitation, to fairly and equally base their response. For Joint Solution Procurements, the amount of information and how it is provided to potential contractors differs depending on the phase of the process. See policy [6.3.2 c\(3\)](#).
8. The permitted response time to a solicitation must be sufficient to allow all potential proponents to have a reasonable opportunity to compete, taking into account the time required to disseminate information, the

complexity of the procurement, and the time required to prepare an appropriate response.

9. Objective selection criteria for the awarding of a contract must be established prior to inviting bids and proposals and must be consistent with those specified in the solicitation documents. Selection procedures and timelines must not limit anyone from competing.
10. Ministries and CBS must be alert to the potential for bid rigging, and report any suspicious bidding patterns.
11. An expired contract must not be retroactively extended. When a contract expires and the original deliverables have not been fully met, a subsequent new contract may be considered in order to complete the work. The approval of the new contract should include consideration of the evaluation of the first contract (6.3.6 [Contract Administration and Monitoring c.3](#)).
12. Projects cannot be subdivided to avoid requirements of policy or trade agreements.
13. To establish a pre-qualified supplier list, a process must be undertaken which uses the standard Request for Qualification template, unless an alternate form is approved by CBS and Legal Services. The process is to include an evaluation of the responses to the identified pre-qualification requirements to determine which respondents will be placed on the list of pre-qualified suppliers.
14. The method for selection of a contractor from the pre-qualification list must be specified in the RFQ document and this selection method must be followed.
15. As required in accordance with the provisions of the AIT and the BC - Alberta Trade, Investment, and Labour Mobility Agreement (TILMA), if the expected contract value is over the goods, services or construction threshold (see section 6.4.4), the contractor is to be selected through a competitive process between all suppliers on the pre-qualification list that meet the criteria for a specific project (e.g., specialization). The competitive process will evaluate each supplier's proposed approach, or pricing, or other elements required for the project.
16. Opportunities to be registered on a pre-qualification list must be provided either continuously or at regular intervals. The period for which a pre-qualification list will be valid must be specified in the RFQ document.
17. If the requirement for goods, services or construction falls within the provisions of the AIT or TILMA, the process to identify pre-qualified suppliers of goods, services and construction opportunities which may be over the associated threshold (see section 6.4.4) must be advertised annually on BC Bid.

b. Goods

1. Requests for goods valued over \$5,000 that cannot be met through a pre-existing CSA must be directed to CBS, except where CBS and the ministry have negotiated a different arrangement which is included in the Service Level Agreement, or other agreements as required, between the Parties.

The criteria used in the negotiation to determine the nature and degree of procurement services provided by CBS for the ministry will include:

- availability and level of procurement skills of ministry procurement specialists
 - uniqueness of ministry procurement and degree of specialized product and supplier knowledge of ministry procurement specialists
 - historical ministry compliance with the Core Policy and Procedures Manual
 - the degree of adverse impact on other CBS clients
 - degree of risk of ministry vs CBS undertaking procurement in relation to precedence and application of best practices
 - procurement process value-add by CBS particularly on high risk or complex procurements
 - cost reduction generated from aggregation of demand and centralized procurement by CBS
2. Where ministry requirements can be met by an existing CSA, goods must be purchased through that arrangement.
 3. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3. a), all acquisitions, supply arrangements, and processes to select pre-qualified bidders with an estimated value of \$10,000 or more must be competed by advertising on [BC Bid](#) (see section 6.4.2). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific goods, or they may be advertised in a national newspaper (Vancouver Sun).

4. Goods acquisitions with an estimated value less than \$10,000 must be awarded using a competitive process that is appropriate to the value, complexity and profile of the business opportunity, unless the conditions for direct awarding apply (see section [6.3.3a](#)). Opportunities can be posted on BC Bid, and/or an RFQ process can be followed, or at least three quotes must be obtained.
5. When a contract for goods valued at \$10,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the goods required, but this cannot be strictly proven as required in policy 6.3.3 a (1), a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified in policy 6.3.3 a (1).

C. Services and Construction

1. Ministries are to determine, in negotiation with CBS, the service and construction solicitations in which CBS will be involved. These negotiated arrangements will be included in the Service Level Agreement, or other agreements as required, between the Parties.

The criteria used in the negotiation to determine the nature and degree of procurement services provided by CBS for the ministry will include:

- availability and level of procurement skills of ministry procurement specialists
 - uniqueness of ministry procurement and degree of specialized product and supplier knowledge of ministry procurement specialists
 - historical ministry compliance with the Core Policy and Procedures Manual
 - the degree of adverse impact on other CBS clients
 - degree of risk of ministry vs CBS undertaking procurement in relation to precedence and application of best practices
 - procurement process value-add by CBS particularly on high risk or complex procurements
 - cost reduction generated from aggregation of demand and centralized procurement by CBS.
2. Ministries must utilize CSAs for services where they exist.
 3. All services procurements using the Joint Solutions Procurement (JSP) acquisition method must be planned in conjunction with CBS and the procurement process managed by CBS.
 4. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3. a) any service opportunity, process to select pre-qualified bidders, or supply arrangement for the supply of services with an estimated value of \$75,000 or more must be competed by advertising on [BC Bid](#) (see section [6.4.2](#)). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific service, or they may be advertised in a national newspaper (Vancouver Sun).

Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3.a), any opportunity or supply arrangement for construction with an estimated value of \$100,000 or more must be competed by advertising on [BC Bid](#) (see section [6.4.2](#)). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific type of construction, or they may be advertised in a national newspaper (Vancouver Sun).

5. Any service opportunity with an estimated value from \$25,000 up to \$75,000, or the establishment of a supply arrangement for the supply of services with an estimated value from \$25,000 up to \$75,000 must be awarded using a competitive process that is appropriate to the value, complexity and profile of the business opportunity unless the conditions for direct awarding apply (see section 6.3.3a). Opportunities can be posted on BC Bid or at least three quotes must be obtained.

Any construction opportunity with an estimated value from \$25,000 up to \$100,000, or the establishment of a supply arrangement for construction with an estimated value from \$25,000 up to \$100,000 must be awarded

using a competitive process that is appropriate to the value, complexity and profile of the business opportunity unless the conditions for direct awarding apply (see section 6.3.3a). Opportunities can be posted on BC Bid or at least three quotes must be obtained.

6. Any service or construction opportunity, or supply arrangement for the supply of service or construction, with an estimated value of less than \$25,000 should be competed to the extent reasonable and cost-effective.
7. When a contract for services or construction valued at \$50,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the services required, but this cannot be strictly proven as required in policy 6.3.3 a (1), a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified in policy 6.3.3 a (1).

d. Continuing Service Agreements

1. A contract in the form of a [Continuing Agreement](#) for a period of not less than three years may be made between a ministry(ies) and a contractor for the delivery of one or more of the following community health and social services:
 - Child, Family and Community Services
 - Child Care Services
 - Stopping the Violence Services
 - Community Support Services
 - Income Support Services
 - Community Justice Services
 - Correctional Services
 - Employability, Skills and Training Services
 - Mental Health Services
 - Continuing Care Services
 - Community Health Services
 - Alcohol and Drug Services
 - Multicultural/Immigration Services.
2. A contract in the form of a continuing agreement must be used where the ministry has determined that the following criteria have been met:
 - the services are to be rendered to a third party of behalf of the government;
 - service provider continuity is desirable and the services are to extend for three years or more; and
 - the services are applicable community health and social services.
3. To be eligible, contractors must meet government organizational standards for continuing agreements, must meet documented ministry performance and program standards, and must have an established relationship with the provincial government, i.e. the contractor has provided continuous community health and/or social service under a service contract for a minimum of three consecutive years immediately preceding the start date of the continuing agreement, and there are no unresolved compliance issues or concerns with any of the services provided by the contractor.
4. Contractors who are entering a continuing agreement for the first time must immediately meet the performance and program standards, but may negotiate a time period not to exceed one year from the commencement of the continuing agreement, in which they commit to a work plan with progress reports to demonstrate to the contract manager that the contractor meets the organizational standards for continuing agreements.

5. Any new services, and all services not included in a component schedule of an existing continuing agreement, must be subject to a competitive selection process. Ministries may direct award where at least one of the following applies:
 - standard service contract direct award policy conditions apply (see section [6.3.3a](#));
 - service is developed jointly with a service provider in response to an identified need.
6. The competitive selection process must take into account: continuity of service; service provider availability; degree of community participation and investment; efficiency of operations; and effectiveness demonstrated by past performance.
7. Where the services to be obtained may be eligible for a continuing agreement, that information must be disclosed in the solicitation documents.
8. Once a contractor has been chosen to deliver a new service, ministries must determine the appropriate contract mechanism to define the relationship, (i.e., service contract or continuing agreement). Ministries must determine if the services to be delivered meet the criteria for a continuing agreement. If the services do not meet these criteria, ministries must follow the policies and guidelines for service contracts until such time as the criteria for a continuing agreement are met.
9. Where component services currently provided under existing continuing agreements are modified and/or expanded, ministries must first consult with current qualified contractor(s) to determine whether these existing continuing agreements can accommodate the modification and/or expansion. The scope of consultation may be limited where service requirements specify geographic location.
10. Where modification and/or expansion of component services cannot be accommodated under existing continuing agreements, the services must be subject to the competitive selection process. Where more than one existing continuing agreement holder can accommodate the expanded or modified services, ministries must conduct a solicitation process.
11. The conditions for negotiation and direct award for modified and/or expanded services without a competitive process are the same as the conditions for direct award of new continuing services agreements listed in #5 above.
12. Except as described above for modifications or expansions, services provided under a continuing agreement are not subject to a competitive selection process for the duration of that continuing agreement.
13. Where the services are to be delivered on behalf of more than one ministry, a representative of each ministry must sign the contract.
14. A ministry must agree in an annual funding letter to make payments of a negotiated amount to the contractor. The letter must also specify the outputs, and where feasible, the outcomes. Where more than one service is to be delivered by a contractor, the funding letter must specify the annual funding amounts and outputs and/or outcomes for each service. The funding letter may be amended during the year to modify the outputs/outcomes, or to change payments for new or emerging services, by mutual agreement of the ministry and the contractor.
15. Appropriate measures for success and evaluation methods (best practices) must be established jointly by the contract manager and the contractor. Contractors' performance relating to outcomes of contracted services must be evaluated at least once every three years.
16. Every continuing agreement must contain a provision that allows the agreement and/or a component schedule of the agreement, to be terminated by the minister(s) with cause at any time without notice. Every continuing agreement must contain a provision that the agreement or a component schedule of the agreement may be terminated by either party without cause on notice not exceeding one year.
17. Ministries must establish their own guidelines and procedures to set appropriate time periods, by program, for notice of termination consistent with this continuing agreements policy, and the guidelines and procedures established by other ministries receiving similar services in the community health and social services sector.

6.3.3 Contract Award – all procurement

a. Direct Awards

1. Contracts for acquisitions (of goods, services, and construction) and disposals may be negotiated and directly awarded without competitive process where one of the following exceptional conditions applies:

the contract is with another government organization;

- the ministry can strictly prove that only one contractor is qualified, or is available, to provide the goods, services or construction or is capable of engaging in a disposal opportunity;
- an unforeseeable emergency exists and the goods, services or construction could not be obtained in time by means of a competitive process;
- a competitive process would interfere with a ministry's ability to maintain security or order or to protect human, animal or plant life or health; or
- the acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise government confidentiality, cause economic disruption or be contrary to the public interest.

The contract manager is responsible for documenting, in the contract file, the rationale, or the circumstances, that supports the use of one or more of the above exceptions. This documentation must be appended to the contract file and be available when requested.

2. The direct award of a Transfer Under Agreement must meet a direct award condition of 6.3.3 a (1), or be:

- financial assistance provided to a specified target group or population (e.g., a First Nation, or a direct beneficiary- individual or family or legal guardian of that individual under a community/social service program); or
- a shared cost agreement or a public private partnership where a competitive selection is not appropriate.

b. Selection and Award

1. Ministries must award contracts on the basis of the criteria set forth in the solicitation documents.
2. The rationale for the ranking of all proponents must be documented.
3. Ministry staff must participate in the evaluation process to select the successful contractor(s).
4. Before considering a bid or proposal, ministries must ensure that it meets all mandatory requirements specified in the solicitation documents.
5. In the case of ITTs and ITQs, contracts must be awarded to the lowest-priced qualified bidder meeting the terms and conditions of the solicitation document.
6. In the case of an RFP, the contract must be awarded to the proponent whose proposal meets all mandatory proposal requirements, and achieves the highest overall rating of all evaluation criteria specified in the solicitation documents.
7. In all situations where an alternate evaluation methodology is required (e.g., dual track negotiation, best and final offer), a full description of the methodology must be provided in the solicitation document and the process as stated must be followed to determine the successful proponent.
8. Ministry staff must not do or say anything to create a verbal contract on behalf of the government.
9. Multi-year contracts are permitted when the stability of the longer time frame supports better value to government. However, they must not be established through ongoing amendments and extensions of standard term contracts, unless the extensions were planned and included as part of a competitive process.
10. Ministries and CBS, where practical and depending on the size of the contract, must undertake measures to conduct appropriate due diligence on prospective contractors such as, but not limited to: credit and background checks; business reference checks; and identification of shareholders, directors and officers of the company.

C. Responses

1. A written confirmation must be sent to the contractor who was successful on a solicitation. Unsuccessful respondents to a RFP must be notified and offered the opportunity for a debriefing on their proposal. Unsuccessful bidders on an ITQ must be notified of the winning bidder through a listing on BC Bid or other means.

d. Pricing

1. Every contract must have a firm contract ceiling price (exclusive of GST). Where a firm contract ceiling price is not possible, a unit price must be predetermined, and the ministry must have control over the number of units of service that are delivered within each phase of the contract.
2. Fixed price contracts are permitted for service contracts, if the scope of the work can be clearly defined in advance.

e. Administration

1. Ministries must maintain adequate contract documentation for all phases of the procurement process, including planning, solicitation, award, management, amendments, schedules of payment, progress reports and contract evaluations.
2. Contracts must be in writing and signed and delivered by all parties prior to the commencement of the work or service (or, in the case of an emergency, as soon as possible thereafter).
3. Contracts must be made in the contractor's legal name. Each contract must be approved and signed by the appropriate authority. In no circumstances should an unauthorized employee or agent legally bind the Province with apparent authority.
4. The [General Services Agreement](#) should be used for service contracts in all instances *except* those listed below. No changes can be made to this form without review by the ministry's legal counsel.
 - any contract with a value greater than \$250,000;
 - contracts for office assistance services or with employment agencies where a CSA exists;
 - vehicle and equipment rentals;
 - contracts for third party delivery;
 - capital construction projects;
 - goods;
 - software licensing; and
 - service contracts requiring a guarantee or indemnity to the contractor by the Province
5. If the General Service Agreement is not appropriate, as described above, a ministry will develop an alternative contract, which legal counsel must approve. The [Risk Management Branch](#) must also approve the indemnity clause in any alternative contract form where the Province indemnifies the contractor.
6. Ministries must not use letters of agreement to enter into a contract without seeking advice from legal counsel.
7. Some contractors prefer to use their own standard forms. Ministries may accept the use of such forms, but the forms must meet government requirements and must be reviewed by ministry legal counsel. Where the forms provide for the giving of an indemnity to a contractor, Risk Management Branch must also approve the indemnity.
8. Supply arrangements are competed in the same manner as an individual contract. Where a supply arrangement may give rise to a contract that would require central agency approval because of its amount or nature, the ministry must request approval of the supply arrangement.
9. Whenever a contract is to be modified, the standard form of [modification agreement](#) must be used unless legal counsel has approved an alternative modification process or form.

The justification for all modification agreements must be documented on the contract file.

Modifications to a contract must be in writing, and signed by both parties.

A modification agreement to extend the term of the agreement for a reasonable period of time is allowable when an unforeseen event has delayed the delivery of specific contract outputs.

A modification agreement must not be used to substantially change the nature and intent of the original contract.

Expense authority approval, when applied, must reflect the total dollar value of the contract and not just the dollar value of the modification agreement.

10. Annual or multi-year contract renewals are only allowed when the potential for renewal has been explicitly included in the solicitation documents, including the establishment of a limit on the number of renewals.
11. Ministries must ensure that the contractor's agent or broker completes and signs the Province of British Columbia [Certificate of Insurance](#) (FIN 173 MS Word), in compliance with the insurance requirements of the contract.
12. A Privacy Protection Schedule (PPS) must be completed and attached as a schedule to any contract between the government and a contractor that involves "personal information" as defined in the *Freedom of Information and Protection of Privacy Act* unless it is not intended that the public body will own or control the personal information.

A PPS must be in the form set out at <http://www.mser.gov.bc.ca/privacyaccess/PPS/> unless an alternative version has been authorized by the Information Policy and Privacy Branch, Ministry of Labour and Citizens' Services.

Ministries and staff must not divulge information regarding a contract unless it is available to the general public or prior authorization for its release has been given by the ministry's Information and Privacy Officer.

6.3.4 Corporate Supply and Disposal Arrangements

a. Rentals and Leasing

1. Ministries may use Purchasing Cards to rent or lease goods where the total cost does not exceed \$5,000. Renewals are not permitted and ministries must obtain a receipt from the lessor for the return of a leased item when the lease expires. Exceptions include vehicle rentals for operational purposes exceeding 30 days and vehicle rentals while an employee is on travel status.
2. Ministries must requisition leases, including potential capital leases, through CBS and provide justification for leasing in lieu of purchase.

b. Photocopying Equipment and Supplies

1. Ministries must access the CBS photocopier equipment and supplies CSA for requirements up to the limits specified therein.
2. Photocopier paper must be ordered from CBS.
3. Government photocopy equipment is to be used for government business only. Personal use of government photocopier equipment is prohibited.

c. Repairs and Maintenance

1. Service contract requests for repairable assets must be submitted to CBS.

d. Disposal of Surplus Assets

1. Where an opportunity exists to replace an outdated asset with a similar asset, details of the potential trade-in must be forwarded to CBS, which will conduct an analysis of the potential trade-in to determine the best overall value to government. Ministries must only negotiate trade-in arrangements after consultation with CBS.
2. Assets that are surplus to the needs of the government are to be disposed of at fair market value by CBS who will determine the appropriate method for disposal of such assets.
3. Where assets are to be disposed of by a ministry under specific legislative authority or under a Treasury Board Order or Directive, CBS must be notified prior to initiating the disposal in order to ensure there are no issues

that may arise from the disposal in relation to other pre-existing disposal agreements.

4. The disposal of a [medium with information capacity](#) must be done in a manner to protect the privacy and security of the stored information in accordance with [information and records disposal policy \(see 8.3.2 policy 6\)](#).

e. Crown Copyright

1. All government employees must perform their duties in compliance with the *Copyright Act*. It is the responsibility of deputy ministers to ensure that their employees are aware of the provisions of the *Copyright Act*, which pertain to making copies of Works (whether in paper or electronic format). A notice provided by the Intellectual Property Program must be prominently affixed on or near all government-operated photocopiers. The Intellectual Property Program is responsible for providing information to ministries regarding the Crown copyright policies, including the provisions of the *Copyright Act*.
2. Crown Copyright of any Work means it belongs to the Province and not to individual ministries or any other government agencies. Unless there is a written agreement to the contrary, including terms of a collective agreement, the copyright for any Work that has been prepared or published by the Province's employees in the course of their employment belongs to the Province.
3. The right to reproduce Work may only be granted to a third party under the authority of:
 - the Intellectual Property Program operating under the *Procurement Services Act*, section 2(1)(f);
 - specific legislation granting such authority; or
 - Treasury Board directive under authority of the [Financial Administration Act](#), section 46, Public Property.
4. If a Third party wishes to reproduce a Work or a portion of a Work for non-commercial purposes, the Third Party must send a completed Copyright Permission Request Form to the Intellectual Property Program. Subject to policy 7 below, the Intellectual Property Program will administer the request.
5. If a Third Party wishes to reproduce a Work or a portion of a Work for commercial purposes, the Third Party must contact the Intellectual Property Program to obtain a license agreement. Subject to policy 7 below, the Intellectual Property Program is responsible for license negotiations on behalf of the Province. A fee and/or royalty will be charged unless waived at the Province's discretion.
6. The Province will refuse permission to reproduce a Work or a portion of a Work if that reproduction:
 - is not in the financial or public interest of the Province;
 - does not comply with the policies of the Intellectual Property Program;
 - is not consistent with the [Freedom of Information and Protection of Privacy Act](#) or any other applicable legislation; or
 - is not approved by the Intellectual Property Program Committee.
7. The Province will require a Third Party to withdraw or cease reproducing a Work if that reproduction:
 - purports to be the official version and is not;
 - is inaccurate;
 - is considered to be misleading for any other reason, (e.g., out of date material presented as current); or
 - is for commercial purposes and is being done without a license agreement with the Province.
8. If a ministry obtains authority from Treasury Board, under the authority of section 46 of the [Financial Administration Act](#), to grant a license to a Third Party to reproduce a Work or a portion of a work, or to assign the copyright in a Work to a Third Party, the ministry must comply with the policies of the Intellectual Property Program.
9. If a ministry does not have the authority outlined in policy 7, any request from a Third Party to reproduce a Work for Commercial Purposes or for the sale of the Province's copyright in a Work must be forwarded to the Intellectual Property Program with details outlining the Work affected, intended use, method of distribution, target date for release, and contact person.
10. Unless a ministry's legal counsel approves an exception, a ministry must ensure that each Standard Service

Contract includes specific wording ensuring that copyright in any material produced under contract belongs exclusively to the Province. The wording must also require the contractor to deliver, upon request of the ministry, documents waiving any moral rights of the contractor, contractor's employees and subcontractors over the material, and confirming the vesting of the copyright in the Province.

f. Disposal of Intellectual Property

1. Disposals of intellectual property involve the sale, transfer or licensing of these rights to third parties. Such disposals can only take place under the following authorities:
 - the Intellectual Property Program operating under the *Procurement Services Act*, section 2(1)(f);
 - legislation applicable to a specific ministry; or
 - Treasury Board directive(s) under the [Financial Administration Act](#), section 46.
2. Where intellectual property is to be disposed of by a ministry under specific legislative authority or under a Treasury Board Order or Directive, CBS must be notified prior to initiating the disposal in order to ensure there are no issues that may arise from the disposal in relation to other pre-existing intellectual property licensing agreements.
3. The Province's intellectual property must be protected during its development and life span, and when providing access to or releasing the intellectual property to third parties.
4. Ministries must not allow materials to be copied or used for commercial purposes by third parties, except under a license agreement executed by CBS, or by a ministry with the specific legal authority to dispose of the intellectual property at hand.
5. Materials must be developed solely to meet the program needs of government, rather than to create marketable products.
6. Providing access to information under the [Freedom of Information and Protection of Privacy Act](#) does not include the transfer of intellectual property, such as the rights to copy and redistribute for commercial purposes.
7. Where a disposal of intellectual property includes information or data, the licensee must be obligated to comply with the *Freedom of Information and Protection of Privacy Act*.
8. If a ministry is contacted by a Third Party that is interested in acquiring any intellectual property, or a ministry becomes aware it has intellectual property that has commercial value, it must notify the Intellectual Property Program to evaluate the potential disposal opportunity.
9. Where the disposal of intellectual property is a sale, transfer or a license that provides exclusive rights, the disposal must be done through a competitive bidding process.
10. Revenue from disposal of intellectual property will be paid into the CBS \$1000 Vote. Annually, Treasury Board Staff will add, as approved by Treasury Board in the Estimates, the ministry share of revenue received in the given fiscal year to that ministry's base budget for the following fiscal year.

6.3.5 Information Management and Information Technology (IM/IT) Procurement

For detailed information on the Chief Information Office's IM/IT policies and standards, refer to the [Chief Information Office](#).

a. General

1. Previous approval requirements are superseded by [Treasury Board Directive 5/04](#) (February 4, 2004).
2. All IM/IT goods and services must be procured in accordance with the business requirements of the ministry as identified in the Ministry Service Plan.
3. Prior to initiating procurement of all IM/IT-related products or services, ministries must discuss their IT requirements with Workplace Technology Services (WTS) and their IM requirements with the Chief Information Office (CIO), which will determine whether a corporate solution will be implemented for the requirement.
4. Large projects frequently include smaller IM/IT-related component projects. These component projects must be considered at the same time as the larger project.
5. All IM/IT goods and services must be procured in accordance with government financial and procurement policies, including the Core Policy and Procedures Manual, and must be consistent with the ministry Information

Resource Management Plan, the Agreement on Internal Trade, and the Chief Information Office (CIO) policies, strategies and standards, and all legislative requirements.

6. All ministry IM/IT hardware and software requirements, including shared devices (e.g., desktop, laptop, server, and printer devices) must be ordered through WTS. Where available, CSAs, pre-established by CBS, will be utilized for the supply of these items. Any exceptions to this policy must be approved by CIO, or WTS, as appropriate. This policy applies to purchases of any volume or dollar value.
 7. If 51% or greater of the estimated value of a contract is for hardware and/or software and the value of this contract is \$10,000 or more, the opportunity must be advertised on [BC Bid](#) (see section [6.4.2](#)).
 8. If the estimated value of a service contract is \$75,000 or more, the purchase must be advertised on BC Bid. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3.a) any service opportunity, process to select pre-qualified bidders, or standing offer for the supply of services with an estimated value of \$75,000 or more must be advertised on BC Bid.
 9. Except where CBS and the ministry have negotiated different threshold values which are included in the Service Level Agreement, or other agreements as required, between the parties, all solicitations for IM/IT projects valued between \$100,000 and \$500,000 must be reviewed by CBS prior to proceeding with the acquisition and all IM/IT projects valued over \$500,000, and all procurements utilizing the Joint Solutions Procurement (JSP) acquisition method, must be planned in conjunction with CBS and the procurement process managed by CBS.
 10. Government Purchasing Card: standard regulations for the use of this card apply to all IM/IT-related purchases.
 11. BC Business Opportunities: Ministries must identify opportunities for regional-based IM/IT service providers, and ensure that alliances with large firms provide opportunities for smaller BC companies, subject to the provisions of the Agreement on Internal Trade and the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement.
- b. Unsolicited Proposals
1. In this section, an "unsolicited proposal" is defined as a supplier-initiated offering of Information Management or Information Technology (IM/IT) goods, services, or solutions to government. The aim of such a proposal is to enable an IM/IT supplier to establish a sales contract or business alliance partnership with government that is neither the result of a competitive solicitation nor the result of a ministry-initiated direct award.
 2. Ministries can receive unsolicited proposals from the private sector. If the ministry determines that the proposal warrants consideration, then the proposal must be submitted to the Unsolicited Proposals Review Panel.
 3. The proposal must demonstrate that:
 - it is unique; and
 - it addresses the current or future needs of government; and
 - the goods or services are not otherwise available in the marketplace.
 4. Unsolicited proposals, received in the proper format, must be reviewed by the Unsolicited Proposals Review Panel. The Panel will be chaired by the Procurement Governance Office (PGO) and comprised of members drawn from:
 - the Common Business Services (CBS);
 - the interested ministry(ies);
 - Treasury Board Staff;
 - the Common Information Technology Services Division (CITS);
 - the Chief Information Office (CIO);
 - the Procurement Governance Office (PGO); and
 - optionally at the discretion of the PGO, disinterested third-party(ies).
 5. Panel members will be selected by the Chair based on the nature of the proposals requiring review.
 6. The Panel must ensure that the unsolicited proposal meets the criteria as stated in policy 3 above before contract negotiations commence.
 7. Ministries must not enter into contract negotiations before the Panel review is complete. If there is any doubt that an otherwise acceptable proposal is unique, CBS shall issue a Notice of Intent prior to the ministry entering

contract negotiations.

8. Any proposal not meeting the criteria under policy 3 above will be rejected. If the proposal is accepted and approved by the Panel, the ministry may enter into contract negotiations, subject to funding availability and any required Treasury Board approvals.
9. Notwithstanding the reference to Notices of Intent under policy 7 above in this section, all contracts resulting from unsolicited proposals must be subject to the Procurement chapter of the Core Policy and Procedures Manual, including policies related to direct awards.
10. Funding for contracts resulting from unsolicited proposals must be drawn from within the existing appropriation of the contracting ministry.
11. Ministries must not use the unsolicited proposals process to bypass the competitive tendering process for goods or services requirements that are initially identified by the ministry.
12. In the event that the Panel approves an unsolicited proposal, ministries must ensure that all contracts resulting from unsolicited proposals with a value of \$10,000 or over for goods and \$75,000 or over for services comply with the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement, Part V, Government Procurement, paragraph 2, and that they comply with the requirements of the Agreement on Internal Trade Article 511.3, annual reporting on procurement excluded under Article 506(12).

6.3.6 Contract Administration and Monitoring

a. Receipt of Goods

1. Ministries must ensure that adequate receiving processes are in place to confirm that goods are received as ordered (i.e., correct quantity and suitable quality).
2. Ministry employees, before signing for the receipt of goods, must inspect the shipment for damage and/or missing or incorrect items. Goods received must match the shipment's documentation.
3. Discrepancies between goods received and goods ordered must be reported immediately to the supplier. If the supplier does not take appropriate corrective action, CBS should be contacted for assistance.
4. Ministries must not accept product substitutions by suppliers without prior CBS approval. Purchase Order Amendments are required to cover any substantial changes to the original purchase order.
5. Ministries must maintain adequate receipt records or other documentation to support account verification and payment.

b. Payment

1. A contract summary record must be maintained for all service contracts, either by using a contract summary sheet, or equivalent electronic record.
2. A contract cannot include a cost overrun clause. If a cost overrun is unavoidable, ensure the costs are justified. Any overrun is to be authorized in advance using a modification agreement form. There may be additional approval requirements triggered by cost overruns.
3. Fees, Expenses, Maximum Amount, Statements of Account, and Payments Due, must be contained in Schedule B to contracts. This applies whether the contract is established on the basis of Daily Rate, Hourly Rate, Rate per Unit/Deliverable or Flat Rate. (For contractor travel, refer to Travel, [Contractors](#).)
4. All contract quotations must exclude the GST. All contracts must include a GST Certification Clause (see clause 30 of the General Service Agreement).
5. Ministries must ensure that payments made to contractors who are non-residents of Canada comply with the withholding tax provisions of the federal *Income Tax Act*.
6. Payments made in advance must be specifically provided for in the contract or in accordance with a formal modification agreement. The contract or modification agreement must specify how the advances are:
 - to be deemed to be earned; or
 - if the services are not subsequently rendered, to be repaid; and
 - what interest rate, if any, must apply.

Procedure Requirements - D.3

C. Monitoring, Evaluation and Reporting

1. For every contract, ministries must clearly establish the outputs and outcomes required, together with their quality and quantity, against which the performance of the contractor can be monitored throughout the duration of the contract. These output and outcome requirements must be included in the contract.
2. Ministries must ensure timely and consistent monitoring of the contractor's performance as the assignment progresses in accordance with the terms and conditions of the contract.
3. A post-completion evaluation is required on every contract over \$50,000 to provide a record of the contractor's performance and to assist in future contracting activity.
4. Under the Agreement on Internal Trade, provinces are required to calculate the number and aggregate value of procurements over and under the applicable thresholds, and report on them annually. In addition, the Provinces must report on any contracts established by utilizing the allowable exemptions or exclusions from the AIT. Therefore, ministries must ensure that methods are in place for collecting this information. Ministries should report the information for the previous fiscal year to the Procurement Governance Office by the date specified in the report call letter issued each year. AIT [Article 511](#) contains further details on these information and reporting requirements.

d. Deficient Performance and Breach

1. Where a contractor deviates from the terms and conditions of a contract, the contract manager must immediately take one or more of the following steps:
 - i. Step 1 – Notify the contractor in writing of the deficiency and arrange to discuss the problem. A record should be kept of such discussions. The discussions could result in an agreement to amend the terms of the contract.
 - ii. Step 2 – Issue a notice to comply if the contractor persists in deviating from the terms and conditions of the contract.
 - iii. Step 3 – Issue a stop work order if the contractor ignores the notice to comply.
 - iv. Step 4 – Terminate the contract, subject to the advice of the ministry's contract specialist and/or legal counsel.
2. Where the breach or deficiency puts public safety at risk, the ministry must proceed immediately to Step 2 and issue a notice to comply, or to Step 4 and terminate the contract.
3. If fraud is suspected, refer to [Loss Management](#), CPPM 20.2.2.

e. Asset Management

1. Ministries must identify and manage any asset maintenance, risk and liability issues arising from their contracting activities.
2. Where assets are determined to be owned by the Province, they must be appropriately safeguarded, controlled and accounted for. Assets being replaced due to being damaged, lost or stolen must be reported on the [General Incident or Loss Report](#) (government access only). See CPPM M, [Loss Reporting](#).
3. Ministries must not fund a contractor's amortization as part of a contractor's administration costs for the contractor's assets acquired with government funding.

f. Disputes

1. Any dispute arising out of a government contract must be dealt with in a just, prompt and cost-effective manner. All contracts must contain a clause that identifies how a dispute will be resolved. Any dispute arising out of a government contract must ultimately be resolved according to the terms of the contract.
2. For contracts that are subject to the AIT, ministries must settle any AIT-related disputes in accordance with the dispute resolution process provided in AIT [Article 513](#). Ministries will be responsible for the Province's share of the cost of any dispute panel that is established to investigate the dispute.

PART II: Vendor Complaint Review Process for Government Procurement

6.1 Objectives

The objectives of this policy are to define a vendor complaint review process (VCRP) that is accessible, consistent, fair, impartial and timely, and to identify ways to make improvements in the manner in which procurement is undertaken by government.

6.2 General

The VCRP is designed to ensure that there is a process for the review of vendor complaints about a government procurement process. The intent of the VCRP is to assist government in identifying and responding to problems in the establishment and application of government procurement policy and procedures.

This VCRP requires that ministries, CBS and vendors provide full access to all information pertinent to complaints. All information under this VCRP is subject to the *Document Disposal Act* and the access and privacy provisions of the *Freedom of Information and Protection of Privacy Act*.

6.2.1 Definitions

PGO means the Procurement Governance Office, Office of the Comptroller General, Ministry of Finance.

CBS means Common Business Services, Solutions BC, Ministry of Labour and Citizen's Services (see section [6.4.1](#)).

Procurement means those processes, including direct awards, related to the purchase of goods, services and construction.

Complaint means a written objection submitted by a complainant regarding a competition, direct award, contract award, or proposed contract award for goods, services, or construction.

A complaint may be made with respect to the process used to evaluate proposals and how the evaluation criteria were applied, but may not include issues pertaining to individual point ratings given by an evaluation committee to specific evaluation criteria.

Complainant

1. For the purpose of a vendor complaint relating to a competition or direct award, means an actual or prospective bidder or proponent whose business interest would be affected by the award of a contract, or by the failure to award a contract.
2. For the purpose of submitting a vendor complaint relating to a contract award, means a proponent who actually submitted a proposal in response to the competition for the contract.

6.2.2 Scope of VCRP

- The application of this VCRP is limited to ministries and direct government entities (i.e. excludes municipalities, academic institutions, school boards, health and social service authorities, and Crown corporations) whose procurement is subject to government procurement policy as described in Chapter 6 of this Core Policy and Procedures Manual. It does not apply to procurement undertaken by CBS for a public sector entity that is outside of direct government.
- This VCRP is limited to issues of procurement policy and procedures. This VCRP is not available for issues related to vendor or ministry/CBS performance or conduct during a contract. These issues are to be dealt with through the dispute resolution processes identified in the contract document.
- This VCRP does not limit or impair the rights of any vendor to seek a review through the Ombudsperson's Office, or to seek remedies of law through the judicial or other process.

6.2.3 Roles and Responsibilities

Ministries/CBS Responsibilities:

- Establishing and managing an accessible and fair process for responding to vendor complaints related to procurement activities undertaken by ministries or CBS.
- In the case of those complaints submitted to the PGO, providing all pertinent and required information.
- Recording information on all vendor complaints managed under their vendor complaint review process, and providing reports to the PGO as required.
- Implementing changes required to ministry/CBS procurement processes identified through their complaint review process.
- Implementing any outcomes recommended by the PGO, and any subsequent remedial action.
- Making all reasonable efforts to review complaints.

PGO Responsibilities:

- Ensuring that ministries and CBS have a vendor complaint review process as described in these policies and procedures.
- Managing a last resort process for complaints not satisfactorily concluded through the ministry/CBS vendor complaint review process.
- Providing guidelines regarding the information and reporting requirements for ministries and CBS.
- Monitoring and reporting on government-wide VCRP activity and outcomes of complaint reviews.
- Implementing changes required to government procurement policies and procedures, and to procurement training methods and tools identified through the complaint review process.

Vendor Responsibilities:

- Making reasonable efforts to review the complaint with the ministry or CBS by contacting the entity and following their complaint review process.
- Providing all pertinent and required information related to a complaint.

6.3 Policy

1. The ministries and CBS have primary responsibility for reviewing vendor complaints regarding their procurement processes. They must establish and administer a process for reviewing, recording, managing and reporting vendor complaints, and must make the process known to vendors by posting it on a readily accessible ministry/CBS web site which is linked to the PGO web site.
2. The PGO must establish and administer a process that deals with complaints that have not been satisfactorily concluded by the ministry or CBS.
3. Where a serious flaw in the procurement process has been detected, legal counsel will be requested to review any correspondence to be sent to a complainant. Where appropriate, such correspondence will be issued by Legal Services.
4. If a vendor submits an FOI request related to the procurement, the timeframes for the VCRP may be extended, due to resource limitations, until after the FOI request is completed.
5. The VCRP is not intended to detract from a vendor's access to legal recourse or to the Ombudsperson's Office. However, VCRP complaints will not generally be considered concurrently with one of these other processes.
6. No compensation will be awarded to a complainant under the VCRP.
7. A decision of the PGO shall be the final determination on a complaint registered with the VCRP process.

6.4 Information and References

6.4.1 Common Business Services (CBS) in Solutions BC provides a wide range of purchasing-related services to

ministries, agencies and their employees, including but not limited to:

- procuring goods and services through fair and open tendering, and providing advice and consultation on purchasing matters;
- posting solicitations on BC Bid for electronic procurement;
- providing information to suppliers about how to do business with government;
- managing lists of qualified suppliers;
- analyzing spend data across government and participating public sector agencies in order to identify opportunities for demand aggregation and volume procurement, establishing standards and specifications, and establishing and managing CSAs for common use goods and services;
- managing the government's vehicle management outsourcing contract, purchase card, and travel card programs and any other cross government supply contracts;
- managing the catalogue within the iProcurement module that is used by all ministries;
- determining how to choose the right procurement method;
- providing a reference library, including common use formats such as solicitation templates and sample contract forms; and
- managing disposals of tangible and intangible property through fair and open disposal processes, and providing advice and consultation on disposal matters.

6.4.2 BC Bid is the Province's online tendering system. Ministries, Crown corporations and public bodies use the system to distribute Opportunity Notices, complete bid documents and bid results for suppliers. BC Bid offers suppliers unrestricted access to government procurement. The disclosure of bid results supports monitoring of the fairness and value of government purchases.

6.4.3 Request for Proposals – CBS has developed an RFP template and guide to the Request for Proposal process. Refer to: <http://www.pss.gov.bc.ca/psb/procurement/procurement-templates.html>

6.4.4 Trade Agreements

- a. Agreement on Internal Trade (AIT) – the Agreement came into effect on July 1, 1995. The AIT applies to:
 - all ministries, agencies, boards and commissions;
 - all acquisitions of goods of \$25,000 or more; and to
 - all acquisitions of services and construction of \$100,000 or more.
 - Entities excluded from the AIT are listed in AIT Annex 502.2A.
- b. The British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) - Effective April 1, 2007 TILMA applies to:
 - ministries, agencies, boards, councils, committees and commissions;
 - procurement of goods: \$10,000 or more;
 - procurement of services: \$75,000 or more; and to
 - procurement of construction \$100,000 or more.

Exceptions to TILMA are listed in Part V of the agreement.

6.4.5 Disclosure of Contract information – [Freedom of Information and Protection of Privacy Act](#) governs policy related to the disclosure of any contract information. The [Freedom of Information and Protection of Privacy Policy and Procedures Manual](#) contains policy and guidance. In addition, each ministry has a Director/Manager of Information and Privacy who can provide direction and advice.

6.4.6 Risk Management Branch – The [Risk Management Branch](#) is accountable for the effective management of the

risks of loss to which the government is exposed by virtue of its assets, programs and operations. In delivering its mandate, the branch has assumed four different roles: central risk management agency within government, risk management advisor/consultant, risk management program development and delivery, and claims and litigation management.