
SECTION 13

**CONTRACT SERVICES,
CONDITIONAL GRANTS
AND FUNDING AGREEMENTS**

13.02 POLICY STATEMENT

AUTHORITY: DEPARTMENT OF FINANCE
TREASURY BOARD SECRETARIAT

ADMINISTRATION: DEPARTMENT OF FINANCE
TREASURY BOARD SECRETARIAT

EFFECTIVE DATE: JUNE 2024

13.02 POLICY STATEMENT

(1) PURPOSE

Government is committed to a contracts policy which incorporates the following basic principles:

- the best quality product/service for the most economical cost;
- consistency, uniformity and fairness in all facets of the acquisition and administration of contracted services;
- opportunity for private sector bidders to participate in Government business; and
- reduction of unnecessary liability and financial risk to Government which could result from contractual arrangements.

(2) APPLICATION

The application of this policy is referenced to the schedules of the *Financial Administration Act* (FAA) and applies as follows:

- Schedule “A” - Departments except the Legislative Assembly
- Schedule “B” - Crown corporations
- Schedule “C” - Education Authorities
- Schedule “D” - Commissions

except to the extent that their enabling legislation may incorporate alternate requirements such as Ministerial or Board Authority.

While this policy **does not apply** to the Legislative Assembly or to Reporting Entities subject to alternate legislation, the **spirit and intent** of the policy should serve as a **guideline** for these entities in developing their own policies. Reporting Entities that develop policies differing from Treasury Board policy require approval of Treasury Board.

The specific requirements of this policy do not apply to the following types of contract services:

- capital construction contracts;
- employment contracts (except for reporting);
- loan and lease contracts entered into by Crown corporations and agencies with respect to specific programs governed by various Acts and Regulations (administrative contracts are included under this policy);
- legal services; and
- snowplowing services by private contractors.

Notwithstanding these exceptions, managers are expected to ensure sound business practices are used in acquiring and managing all forms of contract services and ensure compliance with other policies (e.g., Capital Projects, Employment Contracts) where they apply. In the case of snowplowing services, the rates negotiated with the PEI Road Builders and Heavy Construction Association (including estimated cost details) must be approved by Treasury Board. Approval of the rate package would then serve as the authorization and

the basis for the department (Minister/Deputy Head) to enter into contracts with the private contractors.

(3) POLICY

- (a) All contracts and agreements in which the contract value exceeds \$250,000 are to be approved by Treasury Board prior to execution by the Minister or Deputy Head. Exceptions to this limit occur where statutory authority has been granted or by specific authority of Treasury Board or Executive Council.
- (b) Contracts and agreements which are of a value of \$250,000 or less shall be approved and executed by the Minister or Deputy Head or their delegate. The Minister or Deputy Head may delegate Contract approval, up to the signing authority of a specified employee or \$250,000 whichever is less. Notwithstanding the fact that Treasury Board approval is not mandatory for contracts or agreements of \$250,000 or less, or for exempted contract types, the other provisions of this policy still apply.
- (c) Individual contract and agreement amendments with a value exceeding \$250,000 must be approved by Treasury Board. Amendments which cumulatively increase the initially authorized contract or agreement value by greater than 10%, and for which the amended contract or agreement value exceeds \$250,000, must also be approved by Treasury Board.
- (d) Notwithstanding the above, all federal/provincial agreements, interprovincial agreements, and agreements with other authorities must be approved by Executive Council prior to execution by the Minister (in accordance with Section 13.09).
- (e) Contracts and agreements for work of an ongoing nature normally require approval on a year-by-year basis.

(4) PROCEDURE

- (a) Competitions and Tendering
 - (i) As standard practice, contract services should be obtained through the use of a competitive bidding process. The process should ensure that a reasonable number of qualified individuals/firms are given an equitable opportunity to compete for the available work.
 - (ii) Where the contract value is less than \$50,000, departments may choose to use a limited competitive bidding process by obtaining quotations from a minimum of three vendors (subject to sufficient vendors being capable of providing the service), rather than following an open competitive bidding process.

(b) Trade Agreements

- (i) Specified purchases by Government and other public agencies are subject to the Canadian Free Trade Agreement. A summary of the guidelines is provided in Attachment 13.04-I.
- (ii) Procurement Services should be consulted with respect to any questions regarding the application of trade agreements.

(5) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board, or their delegated officer, who will make the interpretation or refer the matter to Treasury Board, if a Treasury Board decision is deemed necessary.

CANADIAN FREE TRADE AGREEMENT

The Canadian Free Trade Agreement (CFTA) became effective July 1, 2017 and applies to Federal and Government procurement Canada-wide. The CFTA establishes a transparent and efficient framework to ensure fair and open access to government procurement for all Canadian suppliers. The CFTA applies to:

- Tenders with covered procurement thresholds pursuant to Article 504.3 of the CFTA (<https://www.cfta-alec.ca/procurement/covered-procurement-thresholds/>) as applicable.
- The thresholds will be adjusted for inflation and take effect on January 1 every two years after January 1, 2018.
- Schedule A, B, C and D entities must also adhere to the procurement provisions within international trade agreements when applicable.

The Tender Notices process is outlined in Article 506.

CFTA Exceptions (Annex 519.1):

Exceptions for Prince Edward Island include:

1. architects and engineers below CETA threshold;
2. construction materials that are used for highway construction and maintenance;
3. goods purchased for representational or promotional purposes;
4. local food;
5. any procurement that targets poverty reduction for disadvantaged natural persons (if value is below \$200,000); and
6. certain opportunities and investments for regional economic development may be excluded.

The full text of the CFTA can be found at:

<https://www.cfta-alec.ca/canadian-free-trade%20-agreement/>