

Standing Offer Agreements

A *Standing Offer Agreement* (SOA) is an offer from a vendor to supply goods and/or services at pre-arranged prices and under the terms and conditions stated in the SOA.

PW&S establishes *Standing Offer Agreements* for common use services and products for use by all departments and agencies of the GNWT. The following information is provided to guide the user in understanding the SOA process.

Standing Offer Contracts

Standing Offer Agreements or *SOA*'s are not contracts. They are pricing agreements that the government makes with suppliers or contractors covering anticipated requirements over a defined period of time. They may be used in contracting for goods or services. There is no legal obligation incurred.

A new individual contract is made each time a new purchase is ordered or released under a *Standing Offer Agreement*.

Definition

The *Financial Administration Manual*, Directive 3305 provides the following definition of *Standing Offer Agreement*:

“A *Standing Offer Agreement* means an agreement obligating a supplier to provide to the Government, on demand, specified goods or services under specified conditions during a set period at a predetermined price or discount structure.”

Purpose

Standing Offer Agreements are intended to increase the level of cost-effectiveness and service to users, by:

- consolidating volumes and standardizing requirements
- reducing the time required to acquire standard goods or services;
- reducing the overall administrative costs of acquiring low cost, frequently required goods and services;
- maintaining competitive, best price expenditures.

With respect to goods contracting, *Standing Offers* provide the opportunity to establish, through the tender process, pricing agreements that will offer lower costs for frequently-required goods, through the consolidation of demand. This is also known as achieving 'economies of scale'.

With respect to services contracting, *Standing Offers* through the Tender or Request for Proposal (RFP) process, can provide pricing agreements for frequently required services.

Commitment of Funds

As *Standing Offers* **do not contain legal obligations** to contract for all or any of the goods or services, they are **not considered to be contracts**. Consequently, there is no requirement for the commitment of funds. When individual releases are made in the form of Purchase Orders or Service Contracts, then funds must be committed and reported.

Contracting Methods

Establishing Standing Offer Agreements

The establishment of *Standing Offer Agreements* should result from a clearly defined need. Where such agreements are requested by program managers, there should be prior discussions establishing the scope of the requirement and a mutual understanding from the department or departments to use the agreement.

Standing offer agreements can be either Common Use or Limited

Standing Offer Agreements. *Common Use Standing Offers* are utilized when it becomes evident that several departments require the same commodities on an ongoing basis. *Common Use Standing Offers* may be used by any department and individual contracts are placed directly with the supplier.

Limited Standing Offers are initiated by a department and each limited standing offer is unique to a particular department. *Limited Standing Offers* may only be used by the department specified on the offer, unless permission has been granted by the initiating department.

A competitive process should be used in accordance with *FAM Directive 3305*, unless a sole source situation is permitted in accordance with *FAM Directive 3301*. You should incorporate an estimate of the amount of work or goods into the tender or RFP documents. The anticipated volume will likely result in more favourable pricing being offered.

In certain circumstances, it may be impractical to have a *Standing Offer* for certain requirements exclusively with only one contractor. Non-exclusive SOAs occur when the amount of work available exceeds the capability of a single contractor to do the work or the goods/services are needed immediately and may not always be available from the one contractor. When going out for competition for non-exclusive SOAs, the tender/RFP document should clearly indicate that the resulting *Standing Offer Agreement* will be non-exclusive in accordance with the terms and conditions on the standard Tender and RFP documents found in Internal Services (see below).

In such cases, every effort should be made to contract first with the contractor offering the lowest price or in the case of an RFP, the highest ranked proponent.

Ordering the Work/Goods

Some of the methods that may be used to issue contracts against *Standing Offer Agreements* include:

- Purchase Order
- Service Contract
- Corporate Purchase Credit Card – only if under \$5,000
- Verbally – only if under \$5,000
- Work Order – issued by a department
- Local Contract Authority - currently in limited use

Listing of Standing Offer Agreements

Public Works & Services currently arrange a wide range of Standing Offers Agreements. Information regarding these agreements may be obtained from Procurement Shared Services or from the following web site:

<http://www.pws.gov.nt.ca/procurement/soa.htm>

Standing Offer Agreement Templates

Standard templates have been developed for the establishment of Standing Offer Agreements. These templates can be located on the PWS electronic forms web page – Internal Services.

http://intranet.pws.gov.nt.ca/EContracts/Home_Page.asp

Excerpt from Templates:

STANDING OFFER AGREEMENT - NON-EXCLUSIVE – Tender

Non-Exclusive Standing Offer Agreements are pricing agreements with specific terms and conditions that may be established with multiple contractors to provide the same goods and/or services (work) on an “As and When” and required basis under predetermined pricing.

It is the intent of the GNWT to enter into a standing offer agreement with one or more bidders. Where an agreement is entered into with more than one bidder, the work will be

offered first to the responsive responsible bidder with the lowest price.”

In the event the Contractor with the lowest price is unable to provide the work within a time fixed by the Contract Authority and/or the terms of the SOA, the Contract Authority may offer the work to the Contractor with the next lowest non-exclusive SOA and so on or purchase the work by any other means it deems appropriate. The Contractor will be paid only for goods and/or services specifically requested by, and received to the full satisfaction of the GNWT.

STANDING OFFER AGREEMENT - NON-EXCLUSIVE – RFP

Non-Exclusive Standing Offer Agreements are pricing agreements with specific terms and conditions that may be established with multiple contractors to provide the same goods and/or services (work) on an “As and When” and required basis under predetermined pricing.

It is the intent of the GNWT to enter into a standing offer agreement with one or more proponent. Where an agreement is entered into with more than one proponent, the work may be offered first to the proponent with the highest rated proposal submission.

In the event the Contractor with highest rated proposal submission is unable to provide the work within a time fixed by the GNWT and/or the terms of the SOA, the GNWT may offer the work to the Contractor with the next highest rated proposal submission and so on or purchase the work by any other means it deems appropriate. The Contractor will be paid only for goods and services specifically requested by, and received to the full satisfaction of the GNWT.

STANDING OFFER AGREEMENT - EXCLUSIVE - TENDER

Exclusive Standing Offer Agreements are pricing agreements with specific terms and conditions that are established with one contractor to provide specific goods

and/or services (work) on an “As and When” and required basis under predetermined pricing.

It is the intent of the GNWT to enter into “one” standing offer agreement with the lowest responsive responsible bidder. If the successful contractor is unable to provide the work within a time fixed by the Contract Authority or the terms of the SOA, the GNWT Contract Authority reserves the sole right to procure the goods/services by any other means it deems appropriate. The Contractor will be paid only for goods and services specifically requested by and received to the full satisfaction of the GNWT.

STANDING OFFER AGREEMENT - EXCLUSIVE - RFP

Exclusive Standing Offer Agreements are pricing agreements with specific terms and conditions that are established with one contractor to provide specific goods and/or services (work) on an “As and When” and required basis under predetermined pricing.

It is the intent of the GNWT to enter into “one” standing offer agreement with the proponent with the highest rated proposal.

If the successful contractor is unable to provide the work within a time fixed by the GNWT or the terms of the SOA, the GNWT reserves the sole right to procure the goods/services by any other means it deems appropriate. The Contractor will be paid only for goods and/or services specifically requested by, and received to the full satisfaction of the GNWT.

See also section on Supply Services Agreements.