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|  | SCM-W009  Revision: 1 DRAFT  Issue Date: 11-Jul-2023  Criticality: Low |
| Subcontracting RFx Process | |

1. Purpose and Scope

The purpose of this work instruction is to provide guidance on how to initiate and manage a Request for Proposals (RFP), Request for Information (RFI) or Request for Quotations (RFQ) that will result in a subcontract.

This work instruction applies to subcontracts (Categories A, B and D) for new construction projects and provides detail related to the Procedure *Supplier Contracting*.

1. RFx Process

For the full workflow, see Appendix A: RFx Process Map.

Note that both competitive sourcing and sole/single sourcing solutions must be documented (for details see *SCM Sourcing and Supplier Review*).

* 1. Optional RFI

1. If an RFI is required, the Scope of Work (SOW) Owner will identify it and the Package Engineering Technologist (PET) will note it in the Project Procurement Register (see *Procurement Register Development and Management*). The Supply Chain Management (SCM) Specialist will prepare and issue the Non-Disclosure Agreement (NDA), RFI letter describing the project, timeline and other requirements and request for Preliminary Data Item Description (PDID) to the interested suppliers.

The interested suppliers will submit a response to the RFI or a request for clarification. The SCM Specialist facilitates the clarifications between the interested suppliers and the SRE, and ensures all other interested suppliers receive all clarifications made (with the exception of confidential material).

The SCM Specialist will manage the identification of suppliers for the RFI and is responsible for:

* Issuing and receiving completed Suppliers’ NDAs prior to issuing the RFI.
* Receiving and responding to questions and inquiries from interested suppliers (Optional) and ensuring all other interested suppliers receive all clarifications made except for confidential material.
* Receiving submissions in response to the RFI.
* Ensuring that the requesting discipline has received all pertinent information from interested suppliers.
* Organizing and coordinating meetings of the relevant disciplines to review RFI responses.

**Note**: Based on the outcome of the RFI, interested suppliers that submitted sufficient quality information will be considered for the Bidders List of a future resulting SOW/TPS, if the information is relevant to that scope.

1. The PET (for CATs A, B and D) or the SRE (for CAT C) or the SOW Owner for other cases drafts or updates the SOW and Technical Purchase Specification (TPS) as needed and seek approvals as per *SOW/TPS Development Process*.
   1. RFP/RFQ Documents Preparation
2. The SCM Specialist prepares and conducts a review of the RFP or RFQ documents. This may include an internal RFP/RFQ Kick-off review.

The Kick-Off should include representation from the SOW Owner and Stakeholders (as per the *Supplier Contracting* procedure) and will review the Evaluation Criteria and Evaluators. Evaluators must include the SOW Owner, SCM and other disciplines as applicable such as IRB, ILS and Commissioning.

An RFP/RFQ will contain the following documents:

* Letter of Invitation – The Letter of Invitation gives a brief description of the Project and the RFP/RFQ.
* Intention to Bid form – In acknowledgement of receipt of the RFP/RFQ, Bidders must complete the Intention to Bid form, indicating whether or not they will submit a Proposal. This may be replaced by a Participation Agreement.
* Participation Agreement and Non-Disclosure Agreement (NDA) – These must be signed prior to granting access to the full RFP/RFQ documents.
* Instructions to Bidders – The Instructions are part of the RFP/RFQ documents and establish the obligations of the Bidder towards submitting a Proposal and the project’s responsibilities in administrating the Proposal and evaluation phase. Instructions may include training on how to use the program-specific *RFx and VFI SharePoint app*.

It is important that the Proposal submission details be described clearly in the RFP/RFQ Instructions.

* Evaluation criteria – The evaluation criteria will be defined by the Evaluators and will be appropriate to the SOW/TPS.

1. The SCM Specialist will draft the Resulting Subcontract, using an approved contractual agreement *or Subcontract Pack Template* for the appropriate category (for details see *Program Subcontract Pack Formation Process*). The Resulting Subcontract can be applied and sized to fit the complexity of the SOW/TPS and should appropriately specify all details relevant to the scope (such as Data Item Description).

**Note:** If the scope is above $5M or >5% of the total program contract award, the Resulting Subcontract must include a full IRB value proposal within the Supplier RFP. If included, IRB will participate as an Evaluator for that value proposal. Scopes that will not require a full IRB value proposal will follow the procedure *Shipyards Canadian Content Value Collection Process – Non-Eligible Parties*.

* 1. Run the RFP/RFQ

Once the RFP/RFQ documents have been quality checked by the SCM Manager, the SCM Specialist issues the RFP or RFQ documents to the Bidders and coordinates clarifications between the Bidders and the PET. Addendums to the RFP/RFQ documents will be issued where it is required.

1. The SCM Specialist issues an RFP/RFQ to each Bidder. Bidders must complete the Intention to Bid form or the Participation Agreement/NDA. Once the RFP/RFQ is issued, the bidding phase opens and the proposal blackout period begins which means that the SCM Specialist becomes the sole point of contact between the COMPANY and the Bidder, for all communication with regards to the RFP/RFQ.
2. The SCM Specialist will contact all the Bidders who have acknowledged that they will submit a Proposal and confirm that they understand the submission requirements.

**Note**: Where possible, the SCM Specialist should ask the Bidders who declined for their reasoning. This will help understand the market conditions or the Bidders’ capabilities for future sourcing events.

1. To submit a Proposal, Bidders must be registered in the Supplier Portal. Registering as a Supplier is distinct from and does not equate to becoming a Pre-Qualified Supplier. For further details on the pre-qualification process, see *Supplier Pre-Qualification Process*. The pre-qualification process may continue at later stages but must be completed before awarding a contract.
2. Bidders submit queries.
3. The SCM Specialist acknowledges the questions and requests answers from the SOW Owner(s) and issues addendums as needed. Bidders’ questions will be accepted up to five business days before the bid closing date.
   * When Bidders request additional information or require clarifications, the SCM Specialist will seek clarifications from the relevant SOW Owner(s). Communication with the Bidders during this phase should be directed with official addendums.
   * Clarifications or answers and any other changes and updates to the RFP/RFQ should be issued to all the Bidders irrespective of whether they requested the clarification. This ensures an equal and fair process unless a Bidder requests clarification on confidential or proprietary information.
   * If necessary, the SCM Specialist will organize, coordinate and chair a Bidders Conference and invite all the Bidders to attend either in person or remotely.

The main aspects of the conference:

* Provide guidance on the use and completion of the resulting subcontract
* Provide SOW and TPS clarifications
* If necessary and possible, conduct a tour of the Company’s facilities

1. The SCM Specialist notifies the Bidders with a deadline reminder three business days before the bidding phase closes and issue the last addendum including clarifications or a deadline extension if required.

**Note**: Should Bidders had requested extensions to the Proposal closing date, the SCM Specialist will seek approval from their Manager or Supervisor to ensure that no unnecessary schedule delays occur. Such extensions must be issued to all the Bidders via an addendum.

1. Bidders finalize their bids and submit to the Company.
2. The SCM Specialist closes the Bidding Phase.
   * Bidders that failed to submit Proposals on time will not be able to submit a Proposal. Late Proposals will not be accepted.
   * Proposals delivered by any means other than those specified in the RFP/RFQ will be rejected immediately, not opened and returned to the Bidder if possible.
3. Following the proposal closing date, the SCM Specialist will open the Proposals.

**Note:** For Category B,the SCM Specialist will complete the *Proposal Opening Record*. At least two SCM representatives must be present when Proposals are opened.

* 1. Evaluation and Recommendation to Proceed

1. The SOW Owner evaluates the Proposals for preliminary technical compliance with requirements. The SCM Specialist will share the relevant section of the technically compliant Proposals to their corresponding evaluators. The Proposals will be fully evaluated as follows:
   * **Technical Evaluation**: A preliminary technical evaluation assesses the Proposal against the technical requirements in the TPS. A full technical evaluation assesses the technical aspects of the specific item(s) under consideration. The full technical evaluation must be executed in accordance with the *SCM Evaluation Matrix*. Any technical deviation request from the Bidder will be reviewed by the SOW Owners and the client (if required).

**Note**: Evaluations of COTS items such as bolts, cables, pipe fittings, etc may only require engineering input for custom items that deviate from standards.

* + **Commercial Evaluation**: Considers the pricing, terms and conditions, project management capabilities and so on. The commercial evaluation must be executed in accordance with the *SCM Evaluation Matrix*.
  + **Integrated Logistics Support (ILS) Evaluation:** Considers theILS aspects of the proposals. These evaluations must be executed in accordance with the *SCM Evaluation Matrix*.
  + **Industrial Regional Benefits (IRB) Evaluation:** Considers the IRB (including Canadian Content Value (CCV)). The IRB Manager or their delegate will review the IRB Proposal and rate it accordingly. These evaluations must be executed in accordance with the *SCM Evaluation Matrix*.
  + **Operations and Quality Evaluations:** Required for Category D. Assesses past performance and any relevant prior experience. These evaluations must be executed in accordance with the *SCM Evaluation Matrix*.

**Note**: The Company may need to clarify any technical or commercial deviations with the Bidder in an effort to remove constraints that could be determining factors against the Bidder.

1. As part of their Proposal, Bidders are requested to submit all deviations from the Resulting Subcontract Terms and Conditions in a Deviation Schedule. The Deviation Schedule will be used to track the progress and outcome of the negotiations.
2. The SCM Specialist consolidates the evaluations for each Proposal and generates a comparative list of Best Value Proposals for down-selection. In the case of a Sole/Single sourcing strategy, negotiation follows from the evaluations. Down selection does not apply.

**Note**: If the SOW/TPS has security requirements (protected or classified information and assets, or regulated by the Controlled Goods Program (CGP)), the SCM Specialist must provide the name of the down-selected Bidder and the Resulting Subcontract number to the Security Officer (CSO) to initiate the Bidders’ sponsorship to the Contract Security Program (CSP) and follow the procedure *Supplier and Subcontractor CSP Compliance Security Assessments*.

For competitively sourced solutions, SCM may decide to either down-select one preferred Bidder, if their Proposal was superior to the other Proposals and ranked considerably higher in the evaluation criteria or enter into competitive negotiations with two or more Bidders when the Proposals are similar in content and quality.

The unsuccessful Bidders will not be notified until such time as the Resulting Subcontract is signed by both parties. This allows SCM, should negotiations fail with the down-selected Bidder, to open negotiations with any of the other Bidders whilst maintaining the competitive Proposal environment.

1. Before starting negotiations, the SCM Specialist must evaluate if a Supplier Financial Strength assessment is necessary for the down-selected Bidders. The assessment will be required if the scope and Proposal meet two or more of the following factors:
   * The Project Procurement Register lists the scope with a High Level of Authority
   * Lead time for materials is longer than six months
   * The Proposal value per shipset is higher than CAD $3 million or its equivalent
   * The Bidder requires cash advances or deposits other than milestones specified in the Resulting Subcontract

The SCM Specialist may have to request the Bidder’s financial information separately in coordination with the Financial Analyst if it is not available in Dun & Bradstreet (D&B). Once all the required pre-qualification documents of the down-selected Bidders are uploaded to the Supplier Portal (see *Supplier Pre-Qualification Procedure*), the SCM Specialist will notify the Financial Analyst to conduct the Supplier Financial Strength assessment (for details see *Finance Procedure Shipyards*). The Financial Analyst will inform the SCM specialist if more information is necessary or will provide the approved Finance Review Memo once the assessment is completed.

**Note**: Financial information refers to the most recent two years financial statements. In cases where the Bidder cannot provide their financial statements, the Company will request two years of financial ratios certified by their financial authority. If the Bidder cannot provide financial ratios, then a meeting will be requested between The Company’s s CFO and/or the Company’s Controllership and their financial authority.

1. The SCM Specialist is responsible to negotiate the submitted deviations with the down-selected Bidders and resolving them to the best of their ability while adhering to the approved language of the Resulting Subcontract. For details on the negotiation, including managing contractual deviations, see the *Program Subcontract Negotiation Playbook*.
   1. Subcontract Award
2. Once the negotiation is complete and any contractual deviations are approved, the SCM Specialist develops and issues the Recommendation to Proceed (RTP) for internal review and approval in accordance with the *Supplier Contracting* process. If required, the RTP will be sent to the client if required to issue Task Award documents.

* If the client approved any updates to the SOW/TPS, the PET will update the SOW/TPS as per the process described in *SOW/TPS Development*.

1. After receiving the approval for Task Award from the client (if required), the SCM Specialist finalizes the Resulting Subcontract and obtains final internal approval from the Financial Authority.
   * For non-LLI packages, the Control Account Manager (CAM) delegate or the SCM Specialist (if required) submits a request for an internal baseline change to create a work order and allocate funds for it (see the procedure *Performance Measurement Baseline Change Request*).
   * SCM completes the *Commitment Review Assessment Form* (CRAF) to request authorization to commit to the expenditure as per the *Commitment Authorization Process* (CAP).
   * The successful Bidder signs the Resulting Subcontract.
   * Once the CRAF request is approved, the delegated Signing Authority signs the Resulting Subcontract as per the *Delegation of Financial Authority Policy*.
   * Once signed by both parties, the Resulting Subcontract is deemed executed.
2. The SCM Specialist will communicate the relevant award documents (including approved CRAFs and other executed documents) to the pertinent stakeholders as required, including the CAM or the SCM Project Controls Specialist (see *Long Lead Items (LLI) Milestone Financial Controls*).
3. Once the Resulting Subcontract has been awarded, the SCM Specialist will notify the unsuccessful and disqualified Bidders.
4. The SCM Specialist will submit a Bid Performance Evaluation for each Bidder to whom a RFx was issued (see *Supplier Evaluation Form*) and they will be approved by the SCM Manager.
5. The SCM Specialist will submit a DPAS Application Form to [Public Works and Government Services Canada](mailto:ailto:TPSGC.PAPrioritesdedefense-APDefencePriorities.PWGSC@tpsgc-pwgsc.gc.ca?subject=DPAS%20Application) for any NSS subcontract that includes U.S.-sourced goods or services (for further details, see Appendix A: DPAS Application). Copies of the applications must be kept in a central location for audit purposes as described in Appendix A: DPAS Application.
6. Referenced Documents

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| **Document Number** | **Document Title** |
| Commitment Authorization Process v. 1.1 | Commitment Authorization Process |
| SharePoint site “Delegation of Financial Authority Workflow” | Commitment Review Assessment Form (CRAF) |
| PWGSC-TPSGC 1451-1 (10/201) | DPAS Application Form |
| Project-specific | DPAS Register |
| Category- and project-specific, see Aras | Subcontract Pack Template |
| SharePoint site “Corporate Finance and Accounting” | Finance Procedure Shipyards |
| SCM-W010 | Long Lead Items (LLI) Milestone Financial Controls |
| PRC-P008 | Performance Measurement Baseline Change Request |
| SCM‐P048 | Program Subcontract Negotiation Playbook |
| SCM-W011 | Procurement Register Development and Management |
| Project-specific | Proposal Opening Record |
| SCM-F034 | RFP/RFQ Bidders List Template |
| Program-specific | RFx and VFI SharePoint app |
| Project- and Category-specific | SCM Evaluation Matrix |
| SCM-W005 | SCM Sourcing and Supplier Review |
| SCM-W008 | SOW/TPS Development Process |
| SEC-P009 | Supplier and Subcontractor CSP Compliance Security Assessments |
| SCM-P041 | Supplier Contracting |
| SharePoint site “Supply Chain Controls” | Supplier Evaluation Form |
| SEA-FCS-SCM-001 | Supplier Pre-Qualification Procedure |
| SCM-R001 | Supply Chain Management Plan |

# DPAS Application

All CAT teams and programs are required to send a Defence Priorities and Allocations System (DPAS) Program application for NSS subcontracts (including POs, MSAs, etc.) with U.S.-sourced goods or services. This includes:

* Suppliers based in the U.S. (i.e. registered as a US entity)
* Subcontracts placed with entities outside the U.S. where a large portion of the work is sourced in the U.S., as determined by SCM.

SCM must retain a copy of the applications on an access-controlled, project-specific location (such as SharePoint) and record the application on the correct project-specific worksheet in the *DPAS Register*. For audit purposes, SCM will retain the applications and register for 6 years from contract closeout.