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Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – STANDING OFFER AGREEMENTS			

1. INTRODUCTION

Standing Offer Agreements are not binding contracts for the purchase of goods, construction, or services. Individual contracts arise every time the Standing Offer is accepted (i.e. when a specific order is made). Standing Offer Agreements must not be confused with contracts in which a long term legal commitment is made for periodic deliveries.

Standing Offer Agreements are intended to increase service to users and reduce overall cost with regard to low cost, frequently required goods or services. Overall cost savings are realized through such benefits as:

- a) consolidation of volumes;
- b) standardization of requirements;
- c) service benefits of direct user access;
- d) improved efficiencies in contracting; and
- e) price advantages.

The Government has no legal obligation to order all or any of the items in a Standing Offer Agreement. However, these agreements have an implied obligation for the goods and services they cover. Entering into a Standing Offer Agreement does not result in the commitment of funds because an agreement does not give rise to a legal obligation.

2. DEFINITIONS

2.1 Standing Offer Agreement

A Standing Offer Agreement means a price agreement between the Government and a supplier, wherein the supplier agrees to provide, on demand, specified goods or services under specified conditions during a set period at a defined price or discount structure.



3. DIRECTIVE

Where appropriate, a contract authority may tender and maintain Standing Offer Agreements specifically designed for common-use goods and services pursuant to regulation 9904 (Government Contract Regulations).

4. PROVISIONS

- 4.1 Contract authorities who enter into Standing Offer Agreements for a particular department must advise the other departments that might be able to take advantage of the Agreement.
- 4.2 Contract authorities who use Government of Canada National Standing Offer Agreements must keep records of these Agreements on file.
- 4.3 Standing Offer Agreements shall be used unless more efficient contracting methods exist.
- 4.4 Funds must be committed in accordance with Directive 709 prior to a specific item being contracted for under a Standing Offer Agreement.

5. GUIDELINES

- 5.1 Standing Offer Agreements entered into by other jurisdictions may be used by the Government when allowed by the agreement and when approved by the appropriate authorities in the other jurisdiction.