



### TREASURY BOARD DIRECTIVE

**TO ALL:** MINISTERS  
DEPUTY MINISTERS  
EXECUTIVE FINANCIAL OFFICERS  
SENIOR FINANCIAL OFFICERS

**DIRECTIVE:** 1/96

**SUBJECT:** Continuous service contracts.

**AUTHORITY:** This directive is issued pursuant to sections 4 and 24 of the *Financial Administration Act*.

**APPLICATION:** This directive applies to all continuous service contracts for the delivery of social and health services that are entered into by ministries and funded through appropriations, as defined in the *Financial Administration Act*.

**POLICY:** The purpose of these policies is to improve the delivery of social and health services, specifically those delivered through continuous service contracts. These policies are intended to standardize the administration of such contracts across government.

The board approved the following policies:

1. A continuous service contract shall be used where the applicable services are to extend over three years or more.
2. Ministries shall establish objective criteria for entering into continuous service contracts, consistent with the objectives of this policy.

3. Upon expiry of a contract that was already in effect on April 1, 1996, a ministry shall consult with the existing service contractor to determine if the contractor should be invited to continue providing the service. Regardless, the provisions of Policy 17, below, shall apply.
4. A Negotiation Protocol shall be established which can be used in common across all ministries.
5. A standard Continuous Service Contract Form shall be developed and shall be used by all ministries.
6. Where the services are to be delivered on behalf of more than one ministry, the contract shall be signed by a representative of each ministry.
7. Ministries shall establish program and administrative service standards, guidelines and procedures, and shall review them with contractors, professional associations and employer associations before implementing them.
8. A ministry shall agree in an annual funding letter to make payments to the contractor in a negotiated amount. The letter shall also specify the outputs (deliverables). Where more than one service is to be delivered by a contractor, the funding letter shall specify the annual funding amounts and outputs for each service.
9. The funding letter may be amended during the year to modify the outputs, or to change payments for new or emerging services, by mutual agreement of the ministry and the contractor.
10. Ministries shall develop a contract monitoring framework and formats for progress reporting and for the on-going collection, documentation and integration of program and financial information. Standard reporting formats shall be developed that can be used in common across ministries for contract monitoring.

11. Contractors shall provide ministries with annual reports of service activities related to their contracts.
12. Contractors (except persons specifically exempted by ministry policy) are required to submit annual financial statements and, where requested by the ministries, these statements shall be audited.
13. Contractors' performances shall be evaluated at least once every three years.
14. A standard conflict resolution and review protocol shall be developed, to be used by all ministries. Disputes with regard to the interpretation, application or alleged breach of a continuous service contract shall be resolved according to this protocol.
15. A continuous service contract may be terminated by either party without cause on notice of up to 365 days or, by the minister, with cause at any time without notice.
16. A council shall be established, effective immediately, to review and amend these policies, as required, subject to Treasury Board approval, and to review and approve each ministry's continuous service contract policies. The council shall consist of not more than nine members (Appendix A). The Secretary to Treasury Board shall designate one of the members to be the chair of the council.

17. To ensure that government receives the best service for money expended, and to allow fair and open access to government business, criteria are to be developed by the council established in Policy 16, above, to identify appropriate methods for selection of contractors and for their application.

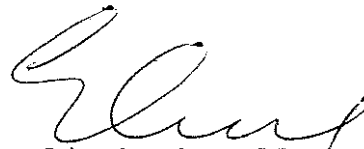
The criteria shall apply to all new and existing continuous service contracts. The methods may consist of notice of intent to direct award, request for proposal, invitation to quote, or any other method that would ensure cost effective and accountable delivery of services. The selection criteria shall be capable of consistent and equitable application by contract managers.

The council shall present the criteria to Treasury Board for approval not later than January 1, 1996.

**EFFECTIVE**

**DATE:**

These policies are to apply to all continuous service contracts for the delivery of social and health services, commencing on or after April 1, 1996, except for item 16 which is effective immediately.



Elizabeth Cull  
Chair

May 8, 1995

Appendix A

CONTINUOUS SERVICE CONTRACTS COUNCIL

APPOINTMENT OF MEMBERS

The council to be established under Policy 16 of this directive shall consist of not more than nine members, each to be selected from and appointed by:

Treasury Board Staff

Public Sector Employers' Council Secretariat

Purchasing Commission

Council of Senior Financial Officers

Assistant Deputy Minister appointed under Section 7(1)(a) of the *Public Sector Employers Act*

Program delivery divisions of the health and social service ministries (two members)

Employers' associations established under section 6(1) of the *Public Sector Employers Act* (two members)