



## Sole Source Requirements Questions and Answers

Q01. What is the difference between a “single supplier” and a “sole source”?

A01. A single supplier situation is when PSPC chooses to direct a requirement to one supplier (for example, because the value is so low that competing is not cost-effective), even though other suppliers could do the work. A sole source is when only one supplier can meet the requirements such as when the product is proprietary or must be compatible with existing equipment.

In simple terms, a single supplier approach is a procurement choice, whereas a sole source is where only one real option in the market. “Not cost-effective to compete” applies only for very low-value, low-risk needs where the effort of running a competition would cost more than the likely benefit.

PSPC must document why competing wouldn’t add value, the effort vs. value of the requirement, and any supporting market information. This cannot be used to avoid competition because of urgency, preference for a vendor, or when a mandatory method of supply exists.

Q02. Are the Treasury Board (TB) 7 Sole Source Justification questions required for contracts under \$25K for goods or \$40K for services?

A02. Under the Government Contracting Regulations, departments have authority to issue non-competitive contracts below the applicable thresholds. However, departments also have internal policies that require them to obtain multiple quotes (e.g., contacting three suppliers) even when not required by PSPC or federal policy. While the TB 7 questions are not mandatory for contracts below the thresholds, it is still good practice to document your rationale. Clearly recording why, a non-competitive approach is appropriate, helps ensure the decision is justified, defensible, and audit ready.

Q03. Why am I required to provide paperwork to justify a sole source decision even though I have delegated authority to contract under \$40K for services?

A03. Your delegated authority allows you to issue contracts up to a certain dollar value, but that authority is distinct from the justification for sole sourcing. Audits may review your rationale for contracting with one supplier to ensure proper oversight and accountability. This documentation demonstrates that due diligence was exercised and that the decision aligned with policy and fairness principles.

Q04. Can value alone justify a sole source?

A04. While contract value is one of the reasons allowed under the Government Contracting Regulations (GCRs), it cannot be the only justification for a non-competitive contract. Even for low-value purchases, departments are encouraged to promote competition wherever possible—for example, by seeking multiple quotes or confirming that the proposed price is fair and reasonable.

Sole sourcing should always be supported by sound, well-documented rationale to demonstrate that the approach is appropriate, defensible, and in the best interest of the Crown.



Q05. How do intellectual property (IP) rights affect sole source justifications?

A05. If a supplier exclusively owns the intellectual property (IP) for a product or service and no other supplier can provide or reproduce it, this generally qualifies as a sole source under GCR 6(d). For example, if a researcher has developed a specialized report over the years and holds the IP for that work, only that individual can complete or update it—making a non-competitive contract acceptable. There must also be justification as to why the supplier is the only one that can do the work or the good is the only one that can be accepted. Just because there is a reasoning that the contractor owns the IP given, this is not enough in most cases for us to sole source. When IP exclusivity is confirmed and documented, an ACAN should not be posted, as there is no reasonable possibility that another supplier could perform the work.

Q06. What if there are multiple retailers but only one acceptable product (no substitutes)?

A06. A “No Substitute” is limited tendering rather than a true sole source. For instance, if you need a specific iPhone charger model available from multiple retailers, you are limiting competition to one product but not one supplier. In such cases, you still need to provide a justification and complete the TB 7 questions because the process restricts competition.

Q07. What if we have already competitively tendered the requirement three times unsuccessfully, can we now proceed with a limited tender?

A07. If PSPC has competed against the same requirement multiple times without receiving a compliant bid, a limited tender approach may be justified. However, if those earlier tenders were issued by the client department rather than PSPC, PSPC must still conduct its own solicitation. Only processes run by PSPC are valid for deciding how the contracting authority proceeds. Refer to S.M. [Annex 2.3 - Limited Retender Reasons](#)

Q08. Why can't PSPC use supplier quotes obtained by the client department?

A08. Supplier quotes collected by client departments are considered informal and non-binding, as they were not issued to PSPC as the contracting authority. PSPC must issue its own solicitation, even sole source contracts, to ensure fairness and transparency. In addition, supplier quotes may contain terms and condition and PSPC will not accept a suppliers terms as PSPC includes its own terms and conditions in our contracts. However, quotes obtained by the client can still be used for budget planning.

Q09. What is an ACAN, and when is it used?

A09. An Advance Contract Award Notice (ACAN) is a public notice indicating that a department intends to award a contract to a specific supplier believed to be the only one capable of performing the work. The ACAN is posted on CanadaBuys for a minimum of fifteen days, allowing other suppliers to submit a statement of capabilities if they believe they can meet the requirements. If a valid challenge is received, the requirement must then be tendered competitively. If a challenge is not received, the contract can be awarded.



Q10. My client is concerned about proceeding with a competitive process because in the past she received items that bidders indicate meet the technical specification, but when later using the equipment, the item did not meet those specifications. How can we confirm claims made by the bidders are accurate, and their proposal meets our operational requirements?

A10. Bids are evaluated against the mandatory criteria identified in the solicitation. If the product does not meet the mandatory specifications identified, the supplier will be found non-compliant. If it is found the bidder misrepresented their product, we could terminate for default, and the vendor will receive points against them, and if repeated, the vendor may be barred from bidding for a certain period. That is why specifications and evaluation criteria are critical when you submit your requirements. Upon receipt of delivery, the Section 34 authority is required to certify that the work has been performed, and goods are received according to the contract, prior to paying for the goods/service. If you identify any deficiencies in the product or service received, promptly contact your contracting authority to seek resolution with the supplier.

Q11. Is there an updated version of the Treasury Board “Limited Tendering Certificate” (as NAFTA is no longer applicable)?

A11. As of now, there is no revised version. The existing template still references NAFTA, but PSPC will update this once new trade agreement language is approved.

Q12. When is an ACAN not posted?

A12. PSPC will not post an ACAN when there is security, public interest, or extreme urgency reasons (e.g., emergencies, national security). Other cases include confirming orders, specific exempt programs, or when the client will not accept a challenge because it is certain that no other supplier can meet the requirement (for example, a single manufacturer with no distributors). Posting an ACAN when a challenge would not be accepted would mislead industry and waste time.

Q13. What happens after an ACAN closes?

A13. After the 15-day posting period: if no challenges received, PSPC proceeds with award. If challenges are received, PSPC and the client review them against the published mandatory performance specifications. If the challenger meets those specifications, the ACAN is cancelled, and the requirement becomes competitive. This is why strong reasoning and clear specifications are crucial before proceeding with a sole source — it avoids restarting the process later.

Q14. Will posting an ACAN save time compared to a fully competitive process?

A14. Not necessarily. If the ACAN is challenged successfully, the requirement must then proceed competitively, which can extend the overall timeline. ACANs are intended for transparency, not as a shortcut. If competition is likely, it is often more efficient to proceed competitively from the start.

Q15. If a supplier owns the IP? Would PSPC post an ACAN or go straight to sole source?



A15. IP ownership alone does not automatically justify a sole-source. PSPC will assess each situation on a case-by-case basis. If the supplier's exclusive ownership of the IP can be verified **and** it clearly prevents any other supplier from meeting the requirement, the contracting authority may proceed directly with a sole-source under GCR 6(d). An ACAN would only be used if there is uncertainty about whether other capable suppliers could meet the requirement, and PSPC needs to test the market before proceeding.

Q16. How do we ensure we do not award to a financially unstable supplier if an ACAN is challenged?

A16. PSPC can consider financial capability and vendor performance history before awarding. Tools such as the Vendor Information Management (VIM) system help identify suppliers with past defaults or poor performance. For higher-risk requirements, PSPC may also request financial statements or references to verify stability.

Q17. Why are specifications important if a product or part number is already mandated?

A17: Specifications define *what the product must do*, not just what it is. Even with a mandated item, PSPC needs performance details to ensure the delivered product meets expectations.

Q18: What if the product model changes?

A18: Specifications determine whether a newer version or substitution still meets the original requirement.

Q19: What's the difference between justification and evaluation?

A19: Justification shows why only one supplier can provide the product. Evaluation ensures the supplier and product offered meet your operational needs.

Q20: Why can't we rely only on part numbers?

A20: Part numbers identify the item but *don't explain how it must perform*. Performance specs ensure the product actually fulfills the operational requirements.

Q21: Can mandated products have multiple versions or options?

A21: Yes. Performance specifications help select the correct version and prevent mistakes, delays, or the need to re-tender.

Q22: Are performance specifications still relevant if part numbers change or become obsolete?

A22: Absolutely. They provide a lasting record of the operational requirements for future contracts or maintenance needs.



Q23: How do specifications support compliance and audit readiness?

A23: They show that the requirement is reasonable, justified, and not overly restrictive, strengthening the file for legal or audit review.

Q24: Why are specifications required if a product or part number is already provided?

A24: PSPC requires performance specifications and technical criteria to ensure the delivered product meets the clients requirement. Part numbers identify the item but do not explain how it must perform. Performance specs ensure the product fulfills the operational requirements.

Q25: What if the product model changes?

A25: Specifications help determine whether a newer version or substitution still meets the original requirement.

Q26: What's the difference between justification and evaluation?

A26: Justification shows why only one supplier can provide the product. Evaluation ensures the supplier and product offered meet your operational needs.

Q27: Can mandated products have multiple versions or options?

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Q30: How do specifications support compliance and audit readiness?

A30: They show that the requirement is reasonable, justified, and not overly restrictive, strengthening the file for legal or audit review.

Q31. How can we verify that bidders' claims about meeting the specifications are correct?

A31. PSPC and the technical authority review the documents provided by suppliers and evaluate the information provided against the evaluation criteria in your requirement. To reduce risk, make sure your specifications are clear and measurable, and ask suppliers to include proof—such as test results, product sheets, or references.



Before signing Section 34, you must confirm that the goods or services meet the contract requirements. If a supplier provides incorrect information and the goods don't meet the requirement, PSPC can end the contract for default and may assign vendor performance points, which can affect the supplier's future eligibility.

Q32. Can clients recover costs if a non-compliant product has already been paid for?

A32. If non-compliance is found after section 34 certification and payment, PSPC can explore contract remedies or damage recovery options, but this depends on the contract terms and timing. Clients should contact PSPC as soon as possible and avoid certifying acceptance (Section 34) until the equipment compliance is verified.

Q33. What are alternatives to repeated sole sourcing?

A33. For recurring needs, PSPC may recommend creating a standing offer or supply arrangement or issuing a task-authorization contract for services. These tools promote efficiency and competition, reducing the need for repeated sole source justifications.