



Treasury Board of Canada  
Secrétariat

Secrétariat du Conseil du Trésor  
du Canada

Canada

# **Policy on Management of Materiel**

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# Policy on Management of Materiel

## 1. Effective date

1.1 This policy takes effect on November 1, 2006.

1.2 Together with the four directives listed in section 3.5 below, it replaces the following Treasury Board policies:

- [Materiel Management Policy](#), dated June 8, 1995;
- [Disposal of Surplus Moveable Crown Assets](#), dated February 10, 2000;
- [Motor Vehicle Policy](#), dated June 19, 1996; and
- [Executive Vehicle Policy](#), dated June 1, 2002.

## 2. Application

2.1 This policy applies to all departments as defined in section 2 of the [Financial Administration Act](#), unless specific acts or regulations override it.

2.2 This policy does not apply to the management of intellectual property, the management of records, the management of information, the management of financial assets, or to the management of seized or confiscated property.

## 3. Context

3.1 Federal materiel assets are vital corporate resources that, when managed well, support the cost-effective and efficient delivery of government programs.

3.2 This policy is issued pursuant to the [Financial Administration Act](#), subsections 7(1), 9(2) and section 62, and the [Surplus Crown Assets Act](#), subsection 3(1)(b).

3.3 Ministers are accountable for the management of materiel to support the delivery of programs according to their departmental mandates. Deputy heads are accountable to their respective minister and to the Treasury Board for the sound stewardship of the materiel entrusted to them or used by their organization.

3.4 This policy is framed by the principles set out in the [Policy Framework for the Management of Assets and Acquired Services](#). The policy must be read in the context of related Treasury Board policies, especially those governing investment planning, procurement and project management.

3.5 Additional mandatory requirements are set out in the four Treasury Board directives associated with this policy:

- [Disposal of Surplus Materiel](#);
- [Fleet Management: Executive Vehicles](#);
- [Fleet Management: Light Duty Vehicles](#); and
- [Controlled Goods](#).

## 4. Definitions

4.1 Definitions to be used in the interpretation of this policy and its associated directives can be found in the Appendix.

## 5. Policy statement

### 5.1 Objective

The objective of this policy is that materiel be managed by departments in a sustainable and financially responsible manner that supports the cost-effective and efficient delivery of government programs.

### 5.2 Expected results

Compliance with the requirements of this policy is expected to result in a federal materiel management regime that:

- respects ministerial accountability;
- embodies sound materiel management practices;
- demonstrates due diligence;
- generates the maximum long-term economic advantage to the Crown;
- protects and preserves Canadian heritage and the environment;
- is fair, transparent, and financially responsible; and
- is compliant with relevant federal legislation and policies.

## 6. Policy requirements

### 6.1 Deputy heads are responsible for ensuring that:

**6.1.1** A materiel management framework is in place that reflects an integrated approach to risk management; provides relevant performance information; sets out clear accountability and decision-making regimes that are consistent with organizational resources and capacity; and supports timely, informed materiel management decisions and the strategic outcomes of departmental programs.

**6.1.2** The overall extent to which their materiel assets meet program requirements is measured by an ongoing and systematic assessment of the physical condition, functionality, use and financial performance of these assets against established targets based on appropriate benchmarks.

**6.1.3** Capital acquisition, operations and maintenance, and disposal strategies are developed based on the findings of this ongoing and systematic performance assessment and on an economic and program analysis that considers the full life cycle costs and benefits of alternative solutions to meeting program needs for materiel assets.

**6.1.4** The risk of loss of, or damage to federal materiel assets is minimized.

**6.1.5** Heritage collections are identified and protected; the heritage value of these assets is assessed; and a record of these assets is kept that includes accurate information on their nature and condition.

**6.1.6** Light duty vehicle fleets and executive vehicles are managed as set out in the Treasury Board *Directive on Fleet Management: Light Duty Vehicles* and in the Treasury Board *Directive on Fleet Management: Executive Vehicles*.

**6.1.7** Materiel assets are managed and disposed of in an environmentally responsible manner consistent with the principles of sustainable development.

**6.1.8** A materiel management information system is in place that:

- is compliant with the requirements of all applicable Treasury Board policies and standards governing the management of information and information technology;
- enables the collection and generation of complete and accurate data on materiel asset holdings (capital assets, inventories, and materiel in use);
- incorporates a risk-based stocktaking schedule;
- is integrated with departmental financial information systems;
- is integrated with program objectives and the *Management, Resources and Results Structure* of the department; and
- supports timely, informed materiel management decisions.

**6.1.9** Acceptance and treatment of sponsored and donated assets are consistent with the requirements set out in the [Communications Policy of the Government of Canada](#) and in the [Policy on Alternative Service Delivery](#).

**6.1.10** Every loan of a materiel asset is made by way of a written contract that meets the legal requirements set out in the [Public Property Loan Regulations](#).

**6.1.11** Materiel assets designated as controlled goods, as defined in Part 2 of the [Defence Production Act](#), are given the level of protection necessary to prevent their unauthorized examination, possession or transfer. Controlled goods must be managed in compliance with the Treasury Board [Directive on Controlled Goods](#).

**6.1.12** The disposal of surplus materiel assets is concluded as effectively as possible, as soon as possible after they become surplus to the requirements of program delivery, and in a manner that obtains highest net value for the Crown. The disposal of surplus materiel assets must be carried out in compliance with the Treasury Board [Directive on Disposal of Surplus Materiel](#).

### 6.2 Monitoring and reporting requirements

**6.2.1** Deputy heads are responsible for monitoring and reporting on the management of materiel in their departments. More specifically, they are responsible for ensuring that:

**6.2.1.1** a control and oversight regime is in place to monitor adherence to this policy and its associated directives;

**6.2.1.2** performance relative to the obligations under this policy and its associated directives is measured and documented;

**6.2.1.3** the management framework for materiel is reviewed as an ongoing component of departmental risk-based audit planning; and

**6.2.1.4** departmental records, plans, policy instruments or any other required information are provided to Treasury Board Secretariat, upon request, in support of the Secretariat's monitoring responsibilities.

**6.2.2** The Secretary of the Treasury Board is responsible for:

**6.2.2.1** assessing departmental performance in the management of materiel through such activities as ongoing dialogue and committee work with departments, review of departmental investment plans and submissions as well as other departmental records, plans, policy instruments, etc., and by taking note of relevant audits and reviews conducted by departments or the Auditor General of Canada; and

**6.2.2.2** reviewing the effectiveness of the policy and its associated directives at the five-year mark of their implementation and for ensuring that an evaluation is conducted when supported by a risk-based analysis.

## 7. Consequences

**7.1** Based on its assessment of departmental performance in the management of materiel, the Secretary of the Treasury Board will make appropriate recommendations to the deputy head of a department and to the Treasury Board.

## 8. Roles and responsibilities of other government organizations

**Note:** This section informs departments of other significant players in the management of materiel. In and of itself, it does not confer an authority.

**8.1** Environment Canada (EC) provides advice and recommendations to all federal departments on environmental matters. Through a full consultative process, EC works with departments to establish federal environmental goals and objectives and to develop regulations, directives, guidelines, standards or codes affecting federal departments and agencies.

**8.2** The Canadian Environmental Assessment Agency advises federal departments and agencies of their obligations under the [Canadian Environmental Assessment Act](#) and provides administrative support for public reviews.

**8.3** Canadian Heritage is responsible for the initiation, recommendation, co-ordination, implementation and promotion of national policies, projects and programs concerning Canadian identity and values, cultural development, heritage and areas of natural or historical significance to the nation.

**8.4** Public Works and Government Services Canada (PWGSC) is responsible for the provision of a range of asset-related common services to departments, including:

- contracting for goods, services and construction;
- managing seized property, forensic accounting, controlled goods, industrial security and traffic;
- managing the Vehicle Statistical Information System; and
- disposing of goods on behalf of departments.

**8.5** PWGSC and National Defence share responsibility for providing materiel identification and related services to departments.

**8.6** National Defence is responsible for the administration and maintenance of the Canadian Government Cataloguing System.

**8.7** The President of the Treasury Board is responsible for:

- reporting to Parliament, as soon as practicable, but not later than six months following the end of each fiscal year, on the application of the [Alternative Fuels Act](#) in respect of all federal bodies (excluding Crown corporations); and
- recommending to the Treasury Board that it make regulations to give effect to the purpose or any provision of the [Alternative Fuels Act](#).

**8.8** Treasury Board Secretariat, in addition to the explicit responsibilities outlined in this policy, provides the appropriate tools and guidance necessary to support this policy and its associated directives. The Secretariat also supports the professional development of the materiel management community.

## 9. References

### 9.1 Legislation

- [Alternative Fuels Act](#)
- [Canadian Environmental Assessment Act](#)
- [Canadian Environmental Protection Act, 1999](#)
- [Defence Production Act](#)
- [Department of Public Works and Government Services Act](#)
- [Export and Import Permits Act](#)
- [Financial Administration Act](#)
- [Library and Archives of Canada Act](#)
- [Surplus Crown Assets Act](#)

### 9.2 Regulations

- [Alternative Fuels Regulations](#)
- [Controlled Goods Regulations](#)

- [Public Property Loan Regulations](#)
- [Export Control List \(Export and Import Permits Act\)](#)

### 9.3 Treasury Board Policies

- [Policy on Accounting for Inventories](#)
- [Policy on Acquisition Cards](#)
- [Policy on Alternative Service Delivery](#)
- [Common Services Policy](#)
- [Communications Policy of the Government of Canada](#)
- [Policy on Managing Procurement – Standard and Specialized Goods and Services](#)
- [Government Security Policy](#)
- [Policy Framework for the Management of Assets and Acquired Services](#)
- [Policy on Losses of Money and offences and Other Illegal Acts Against the Crown](#)
- [Policy on the Management of Government Information](#)
- [Management of Information Technology Policy](#)
- [Policy on Project Management](#)
- [Risk Management Policy](#)

### 9.4 Treasury Board Standards

- [Security and Contracting Management Standard](#)
- [Standard on Physical Security](#)
- [TB Accounting Standard 3.1.1–Software](#)
- [TB Accounting Standard 3.1–Capital Assets](#)
- [TB Accounting Standard 3.4–Inventories](#)
- [TB Information and Technology Standard 25: Materiel Coding–Implementation Criteria](#)

### 9.5 Treasury Board of Canada Secretariat Publications

- [Financial Information Strategy Accounting Manual](#)
- [Guide to Fleet Management](#)
- [Guide to the Management of Materiel](#)
- [Guide to the Management of Movable Heritage Assets](#)
- [Integrated Risk Management Framework](#)
- [Integrated Risk Management Implementation Guide](#)
- [Management Accountability Framework](#)
- [Managing Collaborative Arrangements: A Guide for Regional Managers](#)
- [Materiel Management–Review Guide](#)

### 9.6 Other References

- [Policy on Green Procurement](#) (Public Works and Government Services Canada)

## 10. Enquiries

Please direct enquiries about this policy instrument to the organizational unit in your department responsible for this subject matter. For interpretation of this policy instrument, the responsible organizational unit should contact: [TBS Public Enquiries](#).

## Appendix - Definitions

#### **Acquisition** (*Acquisition*)

A transaction that adds materiel property to a department's inventory, including by means of a donation, sponsorship or lease.

#### **Controlled goods** (*Marchandises contrôlées*)

Those goods specified in the schedule ("Controlled Goods List") to the [Defence Production Act](#).

#### **Donation** (*Don*)

The provision by contribution, gift or bequest by a person, group or organization external to the Government of Canada of funds, goods, facilities or services without cost to the Government of Canada. The contribution is made without expectation of any benefit in return (other than public acknowledgement, if agreed to by both parties, or a tax receipt). The contribution may or may not support a particular Government of Canada event or activity.

#### **Fair market value** (*Juste valeur marchande*)

The price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not under any compulsion to transact.

#### **Federal heritage collections** (*Collections du patrimoine fédéral*)

Collections of art, historical artifacts, archaeological artifacts and archival collections that are of artistic, historical, ceremonial, documentary, technological or associative importance and that are owned by federal departments (excepting those managed by Parks Canada under its legislative mandate). New objects of potential heritage value are also considered to be valid cultural

property.

**Financial performance** (*Rendement financier*)

A performance measure that addresses the cost of operating and sustaining an asset relative to established standards or targets.

**Functionality** (*Fonctionnalité*)

A performance measure that addresses how effectively an asset meets defined program and service requirements.

**Heritage value** (*Valeur patrimoniale*)

A value determined by assessing the symbolic value, the age and/or rarity value. The associative or representative value of an asset; artistic value, historical value, aesthetic value, monetary value, etc., do not in themselves constitute elements of heritage value, though they do play a role in determining significance.

**Inventory** (*Inventaire*)

Material held in stock at storage facilities, including material that is undergoing repair or is in the supply system.

**Inventory control** (*Contrôle des stocks*)

The control of material by means of established material accounting and management methods and procedures.

**Life cycle management** (*Gestion du cycle de vie*)

The effective and efficient management of assets along the entire continuum from the identification of a requirement to the disposal and replacement of the asset acquired to meet the requirement. The phases of life cycle management include assessing requirements; analyzing options; planning acquisition; acquiring; operating, using, and maintaining; and disposing and replacing.

**Material** (*Matériel*)

All movable assets, excluding money and records, acquired by Her Majesty in right of Canada.

**Material management** (*Gestion du matériel*)

All activities necessary to acquire, hold, use and dispose of material, including the notion of achieving the greatest possible efficiency throughout the life cycle of material assets.

**Net proceeds** (*Montant net*)

The difference between the revenue generated for the Crown through the disposal of an asset and the cost to the Crown of disposing of it. The total cost of disposal should include all the costs of the custodial department (e.g., administrative, direct handling, warehousing, transportation, fees, commissions, etc.), as well as all costs incurred by Public Works and Government Services Canada in excess of any commissions paid by the custodial department.

**Physical security** (*Sécurité physique*)

The use of physical safeguards to prevent and delay unauthorized access to assets, detect attempted and actual unauthorized access, and activate an appropriate response.

**Record** (*Document*)

Any correspondence, memorandum, book, plan, map, drawing, diagram, pictorial or graphic work, photograph, film, microform, sound recording, videotape, machine readable record, and any other documentary material, regardless of physical form or characteristic, and any copy thereof.

**Seized property** (*Bien saisi*)

Any property seized under the authority of any act of Parliament or pursuant to any warrant of any rule of law in connection with any designated offence.

**Sponsorship** (*Parrainage*)

A collaborative arrangement between the Government of Canada and persons, groups or organizations external to the Government of Canada. In such an arrangement, funds, goods, facilities or services are provided to the Government of Canada to support a particular event or activity in exchange for some appropriate non-monetary benefit of approximately equal value.

**Stocktaking** (*Prise d'inventaire*)

The procedure of counting and reconciling actual holdings against automated or manual records for stocking accounts. The aim is to resolve discrepancies, update computer and manual records regarding the balance of stock on hand, identification, condition and location of material.

**Surplus Crown asset** (*Biens de surplus de la Couronne*)

Property (excluding real property or immovables as defined in the [Federal Real Property and Federal Immovables Act](#) or licences in respect thereof) of Her Majesty which is in the custody or under the control of a department or federal body that has determined that the property is surplus to its requirements (i.e., there is no current or foreseen requirement for it).

**Sustainable development** (*Développement durable*)

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Use** (*Utilisation*)

A performance measure that addresses the type, suitability and intensity of use of an asset relative to its capacity or potential.