



Data Standard on Classification of Procurement Items

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d'approvisionnement

Data Standard on Classification of Procurement Items

1. Effective Date

1.1 This standard takes effect on February 2, 2015, and incorporates changes effective April 1, 2021.

1.2 Departments will be required to implement this standard when migrating to a new or upgraded departmental finance and materiel management system or no later than January 1, 2031.

1.3 This standard applies to procurement item information associated with financial events which occur on or after the implementation date of the standard.

2. Application

2.1 This Standard applies to “departments” as defined in Section 2 of the Financial Administration Act (FAA (Financial Administration Act)), with the exception of paragraphs (b) and (c), and unless otherwise excluded by specific acts, regulations or orders-in-council. Throughout this standard, the terms “department”, “government-wide” and “across government” refer to these organizations. Other departments or separate agencies not subject to these provisions are encouraged to meet these requirements as good practice.

2.2 The requirements set out in Sections 5.2 and 7.2 relating to the role of the Treasury Board of Canada Secretariat in monitoring compliance and directing consequences for non-compliance do not apply to the following organizations:

- Office of the Auditor General,
- the Office of the Privacy Commissioner,
- the Office of the Information Commissioner,
- the Office of the Chief Electoral Officer,
- the Office of the Commissioner of Lobbying,
- the Office of the Commissioner of Official Languages, and
- the Office of the Public Sector Integrity Commissioner.

2.3 The deputy heads of the organizations listed in 2.2 are solely responsible for monitoring and ensuring compliance with the standard in their organizations, as well as for responding to cases of non-compliance in accordance with any Treasury Board instruments providing principles and guidance on the management of compliance.

3. Context

This standard supports the objectives of the *Policy on Financial Management* by outlining the responsibilities of the chief financial officer (CFO) for ensuring that the procurement item classification information (as defined in this standard) is recorded for each acquisition of goods and services, to ensure consistent and reliable financial information government-wide.

This standard defines a common procurement item classification code which allows for consistent recording, aggregation and reporting of financial information within the departmental financial and materiel management system (DFMS (departmental financial and materiel management system)).

Classification information associated with procurement items supports a variety of materiel management and financial management requirements of departments and agencies. This information is also used to help meet government-wide needs such as commodity management, and to help meet reporting obligations established through policy instruments and trade agreements including the proactive disclosure of contracts, and the reporting of government procurement activities under the provisions of trade agreements and Comprehensive Land Claim Agreements .

This standard is issued under the authority of sections 7 and 9 of the *Financial Administration Act*.

This standard is to be read in conjunction with the *Policy on Financial Management*, the *Policy on the Management of Materiel*, and the *Contracting Policy*.

Additional requirements are set out in the *Guidelines on Proactive Disclosure of Contracts* .

4. Objectives and expected results

4.1 The objective of this standard is to ensure that the procurement records provide consistent financial information government-wide.

4.2 The expected result of this standard is to ensure financial information is consistently recorded and maintained in the departmental financial and materiel management system.

5. Requirements

5.1 The chief financial officer is responsible for the following:

5.1.1 Developing and maintaining a procurement item classification record, by January 1, 2031, that is integrated with the departmental financial and materiel management system.

5.1.2 Ensuring that the procurement item classification information is used as defined and for its intended purpose and allows for the identification of all data elements of the procurement item record described in Appendix B.

5.1.3 Variances or exemptions to this requirement are not recommended and will need to be justified in a Request for Exemption to the Office of the Comptroller General for consideration prior to any investment decision.

5.2 Monitoring and Reporting Requirements

5.2.1 Chief financial officers are responsible for supporting their deputy heads by overseeing the implementation and monitoring of this standard in their departments, bringing to the deputy head's attention any significant difficulties, gaps in performance or compliance issues, developing proposals to address these, and reporting significant performance or compliance issues to the Office of the Comptroller General.

5.2.2 The Comptroller General is responsible for monitoring departments' compliance with the requirements of this standard and conducting a review at the five year mark from the effective date of the standard.

6. Consequences

6.1 In instances of non-compliance, the deputy heads are responsible for taking corrective measures within their organizations with those responsible for implementing the requirements of this standard.

6.2 Chief financial officers are to ensure corrective actions are taken to address instances of non-compliance with the requirements of this standard. Corrective actions can include requiring additional training, changes to procedures and systems, the suspension or removal of delegated authority, disciplinary action, and other measures as appropriate.

6.3 For a range of consequences of non-compliance refer to the *Framework for the Management of Compliance*, Appendix C: Consequences for Institutions and Appendix D: Consequences for Individuals.

7. Roles and responsibilities of other government organizations

7.1 This section identifies other key government organizations in relation to this standard. In and of itself, this section does not confer any authority.

7.2 Treasury Board Secretariat, Office of the Comptroller General of Canada is responsible for the following:

7.2.1 Development, oversight and maintenance of this standard and for providing interpretative advice. The Office of the Comptroller General is responsible for specifying the authoritative source list (identified in Appendix B) for procurement item classification codes.

7.2.2 Providing functional leadership in determining business process and data requirements by supporting Treasury Board in issuing appropriate policy instruments as and when required to define government-wide data and standardized business processes.

7.3 Public Services and Procurement Canada (PSPC) is responsible for the following, as they relate to the authoritative source list of procurement item classification codes:

7.3.1 Identifying the authoritative version of the procurement item classification codes (i.e., United Nations Standard Products and Services Code (UNSPSC)) and code descriptions;

7.3.2 Providing interpretative advice for the list of procurement item classification codes; and

7.3.3 Developing, sharing and maintaining a concordance table between UNSPSC codes and other coding systems required by federal departments and agencies for trade and treaty reporting purposes.

8. References

8.1 Relevant Legislation

- *Financial Administration Act* sections 63 to 65 and subsection 9(1).

8.2 Related Policy Instruments and Publications

- *Contracting Policy*
- *Policy on Financial Management*,
- *Guidelines on the Proactive Disclosure of Contracts*
- *Policy on Service and Digital*
- *Directive on Service and Digital*
- *Policy on the Management of Materiel*
- *Treasury Board Information Technology Standard (TBITS-25): Materiel Coding Implementation Criteria*

8.3 Related External Standards and Specifications

- *Canadian Free Trade Agreement*
- *World Trade Organization Agreement on Government Procurement*
- *Other international trade agreements*

9. Enquiries

For interpretation of any aspect of this standard, contact TBS Public Enquiries for assistance.

9.1 Individuals from departments should contact their departmental headquarters for more information about this standard.

9.2 Individuals from departmental headquarters should contact FMT - TGF for interpretations, or:

Financial Management Transformation
Office of the Comptroller General
Treasury Board Secretariat
Ottawa ON K1A 0R5

Appendix A - Definitions

Departmental financial and materiel management system (DFMS (departmental financial and materiel management system)) (Système ministériel de gestion financière et du matériel (SMGFM))

Is a system whose primary objectives are to demonstrate compliance by the government with the financial authorities granted by Parliament, comply with the government's accounting policies, inform the public through departmental financial statements, provide financial and materiel information for management and control, provide information for economic analysis and policy formulation, meet central agency reporting requirements and provide a basis for audit.

Financial information (*Information financière*)

Is any data or information and knowledge used in understanding, managing and reporting on the monetary aspects of any activity. Financial information is not limited to accounting data but includes aggregated information and knowledge developed and used to understand, manage and report on the monetary aspects of any activity.

Procurement Item (*objet d'approvisionnement*)

Represents the good and/or service acquired by departments and agencies.

Appendix B: Classification of Procurement Items

This appendix describes the minimum data element set for procurement item classification. Procurement item classification information classifies the type of goods and services acquired by departments. Departments may maintain additional procurement item information, as required.

This standard is applicable to procurement records within an organization's DFMS (departmental financial and materiel management system) created as of the effective date of the *Standard on Classification of Procurement Item*. Procurement records that are designated as inactive, or those which are archived, as of the effective date of the standard are not required to comply with the standard.

The procurement item classification table below defines each of the required data elements of procurement item classification information.

Data Element Name¹	Definition²	Value Parameters³
Procurement Item Classification Code	<p>Identifies the type (category) of procurement item. The code must be selected from the United Nations Standard Products and Services Code (UNSPSC (United Nations Standard Products and Services Code)).</p> <p>Departments must be able to report using the same list of the <u>UNSPSC (United Nations Standard Products and Services Code)</u> as implemented in the Government of Canada.</p>	<p><i>Format:</i></p> <p>numeric; 8 digits (4 pairs, without separator)</p> <p><i>Authoritative source:</i> <u>UNSPSC (United Nations Standard Products and Services Code)</u>, Authoritative version for Government of Canada use identified by PSPC – Acquisitions Program.</p>

1. Data Element Name provides the name of the data element.

2. Definition provides a language description of the data element, specifying the data element and any applicable conditions governing its use and values.

3. Value Parameters provides the format and permissible values for the data element, and includes the following, as appropriate:

- **Format:** alpha-numeric or numeric format;
- **Data Values:** specific and finite set of permissible data values, either listed in the table or referenced as a value from an authoritative source; and
- **Authoritative Source:** authoritative source or organization which is recognized as an official source with a designated authority.