

Department of National Defence  
Director Engineering and Maintenance Planning  
and Standardization (DEMPS)  
101 Colonel By Drive  
Ottawa, Ontario  
K1A 0K2

Having received qualification approval in Canada a Canadian company seeking a listing on a U.S. QPL must adhere to the following procedure to obtain listing on a U.S. QPL.

- a) The Canadian manufacturer requests DND to apply to the appropriate qualification authority in the United States for recognition of the Canadian approval and listing on the U.S. QPL. DND, upon receipt of this request, will forward to the U.S. qualifying agency the necessary technical information including test reports and related engineering data for its consideration. If the tests upon which qualification were based were done in a facility located in the Canadian plant, then a report on the test facility will also be forwarded.
- b) The qualifying agency has 60 days upon receipt of the application to advise the Canadian manufacturer if it is prepared to recognize the approval and subsequently place the name of the Canadian company on the U.S. QPL. If for some reason the U.S. qualifying agency does not regard the supporting data as adequate, DND will be so advised and requested to supply further information.

**NOTE: The Canadian manufacturer must have received his Canadian qualification approval to the specification of the issue and date currently in effect in the U.S.**

## **8.5 Auditing and Cost Analysis**

### **8.5.1 Pre-Contract Cost Analysis**

Canadian firms, before receiving contracts from U.S. firms holding DoD contracts under certain circumstances, may be requested to supply to the U.S. firm, or the DoD contracting officer, a completed "Cost Price Analysis" on U.S. DoD form SF-1411. Before responding to such requests advice should be sought from:

Director General  
Supply Policy Directorate  
Supply and Services Canada  
11 Laurier Street  
Hull, Quebec  
K1A 0S5  
Tel: (819) 997-7119

### **8.5.2 Post-Contract Cost Audits**

Post-contract cost audits of U.S. defence contracts placed in Canada, either through CCC or directly by U.S. firms holding DoD contracts will be performed by the Audit Services Bureau (ASB) of the Department of Supply and Services on behalf of the U.S. Defense Contract Audit Agency (DCAA). These audits, when required, will be arranged by:

Director, Contractual Cost and Financial Review  
The Comptroller, Supply Administration  
Supply and Service Canada  
11 Laurier Street  
Hull, Quebec  
K1A 0S5  
Tel: (819) 997-7119

Further information with regard to these audits may be obtained from the above.

### **8.5.3 Special Audits by the U.S. General Accounting Office (G.A.O.) and other Agencies**

Canadian firms who receive requests from U.S. government offices to submit an audit should immediately contact the Director General, Supply Policy Directorate at the above address.

## **8.6 Priorities and Allocations**

In the U.S., the distribution of defence materials is controlled by formal systems of priority and controlled material allotments. It is mandatory that all defence orders carry priority of allotment designation.

There are three priority levels:

- a) Unrated
- b) DO rating (takes precedence over unrated)
- c) DX rating (takes precedence over unrated and DO ratings)

Canada's participation in the U.S. system is implemented by forms, instructions and regulations agreed upon by the Department of Commerce of the United States and the Canadian government through Supply and Services Canada. The agreement ensures that Canadian purchase orders for material from the U.S. for use in Canada or U.S. defence programs are given equal consideration with comparable U.S. orders. Canadian orders without U.S. priority or allotment identification can be treated only as regular commercial orders.

All contracts issued by Canadian Commercial Corporation to Canadian suppliers for U.S. requirements will, when issued, include the necessary priority rating and allotment. All other Canadian importers of U.S. defence supplies will use the forms and applications prescribed by DSS, Materials Priorities Officer, indicated below. When any assistance is required to secure an allotment of U.S. controlled materials or delivery on a purchase order placed with a Canadian or U.S. supplier, or for changes in allotments or dollar limitations on purchases made under priority rating, application shall be made to:

Materials Priorities Officer  
Supply Information and Data Management Branch  
Supply and Services Canada  
Place du Portage  
11 Laurier Street  
Hull, Quebec  
K1A 0S5  
Tel: (819) 997-5644