

QPLs are under continuous review to ensure currency at the time of revision or amendment of the Specification. The intent to establish a QPL for a new Specification or to expand the number of sources on an existing QPL is advertised in the "Commerce Business Daily" (See 2.1.5.2).

A copy of the complete Canada-U.S. Agreement now forms a portion of DND document SB-1 which defines the conditions and procedures for Qualification approval of Electronic Parts and materials by DND. A copy of the document can be obtained from DND on request.

3.3.4 Potential Problems for Canadian Manufacturers

Experience indicates that Canadian manufacturers should take certain precautions to receive and maintain listing on the QPL. The first of these is the need to maintain Qualification Approvals up-to-date in Canada. Manufacturers are urged to apply for Qualification Approval at the earliest possible date and to maintain this approval by immediate action as soon as the Specification is modified or reissued.

If the Specification is amended, the U.S. qualifying authority allows a manufacturer a period of grace to requalify his product.

The following further information may be helpful to Canadian manufacturers who have not yet participated in the Production Sharing Program. In case of a direct enquiry from the United States, information accompanying an Invitation for Bid often indicates that only vendors holding Qualification Approval may bid; on other occasions the instructions may indicate that capable parts manufacturers may bid, provided they can get product approval within a stipulated period.

DND is prepared to offer all possible assistance in resolving the problems of qualifications and early contact will establish whether the particular product is covered by the existing reciprocal agreement, or whether application should be made directly to the U.S. qualifying agency for examination in the United States. Such information should be requested from:

Department of National Defence
Chief of Engineering and Maintenance
101 Colonel By Drive
Ottawa, Ontario K1A 0K2
Attn: DEMPS

It should be noted that the Agreement in no way bars a Canadian manufacturer from making direct application to the appropriate U.S. qualifying agency for examination and listing of his products, whether covered by this Agreement or not. Nevertheless, it will be apparent that a submission made by DND on the manufacturer's behalf will expedite action. By invoking the terms of the Agreement, the case has to be considered and a decision reached within a 60-day period, whereas the U.S. Qualifying agency is not obligated to act on a direct request.

3.4 Auditing and Cost Analysis

a) 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 for by:

Director, Contractual Cost and Financial Review
The Comptroller, Supply Administration
Department of Supply and Services
11 Laurier Street
Hull, Quebec
K1A 0S5
Tel: (819) 997-7154

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

b) 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 D.633 and/or a Disclosure Statement in respect of U.S. Cost Accounting Standards (CAS). Before responding to such requests advice should be sought from:

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

c) Special Audits by the U.S. General Accounting Office (G.A.O.):

Canadian firms receiving requests to carry out an audit from the U.S. G.A.O. should immediately contact the Director General, Supply Policy Directorate at the above address.

3.5 Priorities and Allocation

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. 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 the Department of Supply and Services. The agreement ensures that Canadian purchase orders for material from the U.S. for use in Canadian 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