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PART 7 - RESULTING CONTRACT CLAUSES

The following clauses and conditions apply to and form part of any contract resulting from the bid solicitation.

7.1 Requirement

- 7.1.1 The Department of National Defence (DND), Director General Aerospace Equipment Program Management (DGAEPM), has a requirement for airworthy, cost-effective, and performance-based, support for the General Electric J85 CAN-40 Propulsion Group (PG) systems of the Royal Canadian Air Force (RCAF) CT114 Tutor fleet. This is a long-term requirement to the End of Life of the aircraft fleet.

The scope of the requirements includes:

Section 1 – Introduction
Section 2 – Transition Requirements;
Section 3 – Program Management;
Section 4 – Engineering Support Services;
Section 5 – Maintenance Support Services;
Section 6 – Materiel Support Services;
Section 7 – Training Support Services;
Section 8 – Technical Data and Publications Management Support Services;
Section 9 – Information Management Support Services; and
Section 10 – Resource Requirements.

- 7.1.2 The above support requirements are described detail in Part 7, Annex A, Performance Work Statement, and related Appendices.
- 7.1.3 During the period of the Contract, the work to be performed by the Contractor will be in accordance with the documents contained in Part 7, Annexes A to I inclusive and their related Appendices.
- 7.1.4 As part of the requirement of this Contract, the Contractor must demonstrate that they are ready and capable of commencing the Work authorized under the Terms of the Contract, by fulfilling the transition requirements. If the Contractor fails to demonstrate successful transition and readiness to start the work, in compliance with Annex A, Performance Work Statement, then without prejudice to the rights of the Minister, the Crown may action Default by the Contractor.

7.2 Task Authorization

7.2.1 Canada's Obligation - Portion of the Work - Task Authorizations

Canada's obligation with respect to the portion of the Work under the Contract that is performed through task authorizations is limited to the total amount of the actual tasks performed by the Contractor.

7.2.2 Task Authorization Process

The Work or a portion of the Work to be performed under the Contract will be on an "as and when requested basis" using a Task Authorization (TA). The Work described in the TA must be in accordance with the scope of the Contract.

1. The Procurement Authority will provide the Contractor with a description of the task using the Task Authorization Form specified in Annex H.

2. The Task Authorization (TA) will contain the details of the activities to be performed, a description of the deliverables, and a schedule indicating completion dates for the major activities or submission dates for the deliverables. The TA will also include the applicable basis(bases) and methods of payment as specified in the Contract.
3. The Contractor must provide the Procurement Authority within 10 calendar days of its receipt, the proposed total estimated cost for performing the task and a breakdown of that cost, established in accordance with the Basis of Payment specified in the Contract.
4. The Contractor must not commence work until a TA authorized by the Procurement Authority has been received by the Contractor. The Contractor acknowledges that any work performed before a TA has been received will be done at the Contractor's own risk.

7.2.3 Task Authorization Limit

The Procurement Authority may authorize individual task authorizations up to a limit of \$100,000.00, Applicable Taxes included, inclusive of any revisions.

Any task authorization to be issued in excess of that limit must be authorized by the Contracting Authority before issuance.

7.2.4 Task Authorization - Department of National Defence

The administration of the Task Authorization process will be carried out by *National Defence – DAP 2-2-3*. This process includes monitoring, controlling and reporting on expenditures of the contract with task authorizations to the Contracting Authority.

7.3 Standard Clauses and Conditions

All clauses and conditions identified in the Contract by number, date and title are set out in the [Standard Acquisition Clauses and Conditions Manual](https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual) (<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>) issued by Public Works and Government Services Canada.

7.3.1 General Conditions

[2035](#) (2022-05-12), General Conditions - Higher Complexity - Services, apply to and form part of the Contract.

Article 2035 12 (2013-03-21) Invoice Submission, Sub-article 1 is amended as follows:

DELETE: In its entirety

INSERT:

1. Invoices must be submitted in the Contractor's name. The Contractor must submit invoices in accordance with the Article titled Invoicing Instructions – Monthly Invoices; invoices must only apply to the Contract.

7.3.2 Supplemental General Conditions

7.3.2.1 [4010](#) (2012-07-16), Services - Higher Complexity apply to and form part of the Contract.

7.3.2.2 [4006](#) (2010-08-16), Contractor to Own Intellectual Property Rights in Foreground Information apply to and form part of the Contract.

Article 4006 02 (2008-05-12) Records and Disclosure of Foreground Information, Sub-article 1 is amended as follows:

DELETE: In its entirety

INSERT:

1. Information during and after the performance of the Contract, the Contractor must keep detailed records of the Foreground Information, including details of its creation, ownership and about any sale or transfer of any right in the Foreground Information. The Contractor must report and fully disclose to Canada all Foreground Information as required by the Contract. If the Contract does not specifically state when and how the Contractor must do so, the Contractor must provide this information when requested by the Contracting Authority or a representative of the department or agency for which the Contract is performed, whether before or after the completion of the Contract.

7.4 Security Requirements

7.4.1 The following security requirements (SRCL and related clauses provided by the Contract Security Program) apply and form part of the Contract.

1. The Contractor must, at all times during the performance of the Contract, hold a valid Facility Security Clearance at the level of **SECRET**, issued by the Contract Security Program (CSP), Public Works and Government Services Canada (PWGSC).
2. This contract includes access to Controlled Goods. Prior to access, the contractor must be registered in the Controlled Goods Program of Public Works and Government Services Canada (PWGSC).
3. The Contractor personnel requiring access to PROTECTED information, assets or sensitive site(s) must EACH hold a valid personnel security screening at the level of **SECRET**, granted or approved by the CSP, PWGSC.
4. The Contractor MUST NOT remove any PROTECTED information or assets from the identified site(s), and the Contractor/Offeror must ensure that its personnel are made aware of and comply with this restriction.
5. Subcontracts which contain security requirements are NOT to be awarded without the prior written permission of the CSP, PWGSC.
6. The Contractor must comply with the provisions of the:
 - (a) Security Requirements Check List and security guide (if applicable), attached at Annex C.
 - (b) *Contract Security Manual* (Latest Edition).

7.4.2.2 The Company Security Officer must ensure through the Contract Security Program that the Contractor and individuals hold a valid security clearance at the required level.

7.5 Term of Contract

7.5.1 Period of the Contract

7.5.1.1 The initial period of the Contract is from award date until 31 March 2027.

7.5.1.2 The first year of the Contract is defined as the period between contract award date and 31 March 2024, it is not 12 months in duration.

7.5.2 Option to Extend the Contract

7.5.2.1 The Contractor grants to Canada the irrevocable option to extend the term of the Contract by up to three (3) additional 12 month period(s) under the same conditions. Canada reserves the right to exercise more than one (1) option period at a time. The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in the Basis of Payment.

7.5.2.2 There is also the potential to have the Contract extended beyond End of Life (ELE) of 2030. The ELE is defined as the approved CT114 fleet ELE date, plus any additional period of time to incorporate future approved ELE extensions. Such extensions will be governed the same way (as described above) in regards to performance and payment in accordance with the applicable provisions set out in the Basis of Payment.

7.5.2.3 The Contractor acknowledges that the nature of the services provided under the Contract requires continuity and that a transition period may be required at the end of the Contract. The Contractor agrees that Canada may, at its discretion, extend the Contract by a period of up to (twelve) 12 months under the same conditions to ensure the required transition. The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in the Basis of Payment.

7.5.2.4 The Contracting Authority will advise the Contractor of the extension by sending a written notice to the Contractor at least 30 calendar days before the contract expiry date. The extension will be evidenced for administrative purposes only, through a contract amendment.

7.6 Comprehensive Land Claims Agreements (CLCAs)

The Contract with Task Authorizations is to establish the delivery of the requirement detailed under the Contract, to the Identified Users across Canada, excluding locations within Yukon, Northwest Territories, Nunavut, Quebec, and Labrador that are subject to Comprehensive Land Claims Agreements (CLCAs). Any requirement for deliveries within CLCAs areas within Yukon, Northwest Territories, Nunavut, Quebec, or Labrador will have to be treated as a separate procurement outside the Contract.

7.7 Authorities

7.7.1 Contracting Authority

Sylvain Desbois
Supply Team Leader
Fighter and Trainers Division – BB
Public Services and Procurement Canada (PSPC)
Telephone: 819-962-8660
Email: sylvain.desbois@tpsgc-pwgsc.gc.ca

The Contracting Authority is responsible for the management of the Contract and any changes to the Contract must be authorized in writing by the Contracting Authority. The Contractor must not perform work in excess of or outside the scope of the Contract based on verbal or written requests or instructions from anybody other than the Contracting Authority

7.7.2 Procurement Authority (DND)

(insert at contract award)

The Procurement Authority for the Contract is:

Name: _____
Title: _____

Directorate: _____
Address: _____
Telephone: _____
E-mail address: _____

The Procurement Authority is the representative of the department or agency for whom the Work is being carried out under the Contract. The Procurement Authority is responsible for the implementation of tools and processes required for the administration of the Contract. The Contractor may discuss administrative matters identified in the Contract with the Procurement Authority however the Procurement Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of Work can only be made through a contract amendment issued by the Contracting Authority.

7.7.3 Technical Authority (DND)

(insert at contract award)

The Technical Authority for the Contract is:

Name: _____
Title: _____

Directorate: _____
Address: _____
Telephone: _____
E-mail address: _____

The Technical Authority is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for all matters concerning the technical content of the Work under the Contract. Technical matters may be discussed with the Technical Authority; however, the Technical Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

7.7.4 Contractor's Representative

(insert at contract award)

Name: _____
Title: _____
Address: _____
Telephone: _____
E-mail address: _____

7.7.5 Contractor's Program Manager

(insert at contract award)

Name: _____
Title: _____

Address: _____
 Telephone: _____
 E-mail address: _____

7.8 Payment

- 7.8.1 In consideration of the Contractor satisfactorily completing its obligations under the Contract, the Contractor will be paid in accordance with Annex B, Basis of Payment.

7.8.2 Supplementary Payment Authorizations

7.8.2.1 Basis of Payment – Approved Task Authorizations

- 7.8.2.2 In consideration of the Contractor satisfactorily completing all of its obligations under the authorized approved DND 626 -Task Authorization TA, the Contractor will be paid a ceiling price, subject to downward adjustment OR the firm unit price(s) as negotiated between Canada and the Contractor and reflected in the authorized approved DND 626 -Task Authorization TA. The rates found in Annex B, Basis of Payment, apply to work performed under a DND 626 -Task Authorization. Customs duties are included and Applicable Taxes are extra.

- 7.8.2.3 No increase in the liability of Canada or in the price of the Work specified in the authorized Task Authorization resulting from any design changes, modifications or interpretations of the Work will be authorized or paid to the Contractor unless these design changes, modifications or interpretations have been authorized, in writing, by the Contracting Authority before their incorporation into the Work.

7.8.3 Travel and Living Expenses – National Joint Council Travel Directive

- 7.8.3.1 With the exception of Travel and Living costs identified in an approved DND 626 – Task Authorization form TA, all Travel and Living costs will be included as part of the Contractor's overhead.
- 7.8.3.2 Travel and Living costs identified in an approved DND 626 TA must be accompanied by the approval documentation and receipts for direct expenses. Travel and Living costs identified in a DND 626 must be accompanied by the approval documentation and receipts for direct expenses. The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of an approved DND 626 Task Authorization TA, at cost, without any allowance for profit and/or administrative overhead, in accordance with the meal, private vehicle and incidental expenses provided in Appendices B, C and D of the National Joint Council Travel Directive and with the other provisions of the directive referring to "travelers", rather than those referring to "employees". Canada will not pay the Contractor any incidental expense allowance for authorized travel.
- 7.8.3.3 All travel must have the prior authorization of the Technical Authority and Procurement Authority.
- 7.8.3.4 All payments are subject to government audit.

7.8.4 Limitation of Expenditure

1. Canada's total liability to the Contractor under the Contract must not exceed \$TBD. Customs duties are included and Applicable Taxes are extra.
2. No increase in the total liability of Canada or in the price of the Work resulting from any design changes, modifications or interpretations of the Work, will be authorized or paid to

the Contractor unless these design changes, modifications or interpretations have been approved, in writing, by the Contracting Authority before their incorporation into the Work. The Contractor must not perform any work or provide any service that would result in Canada's total liability being exceeded before obtaining the written approval of the Contracting Authority. The Contractor must notify the Contracting Authority in writing as to the adequacy of this sum:

- a. when it is 75% committed, or
 - b. four months before the contract expiry date, or
 - c. as soon as the Contractor considers that the contract funds provided are inadequate for the completion of the Work, whichever comes first.
3. If the notification is for inadequate contract funds, the Contractor must provide to the Contracting Authority a written estimate for the additional funds required. Provision of such information by the Contractor does not increase Canada's liability.

7.8.5 Limitation of Expenditure - Cumulative Total of all Approved Task Authorizations

1. Canada's total liability to the Contractor under the Contract for all approved Task Authorizations (TAs), inclusive of any revisions, must not exceed the sum of \$ TBD. Customs duties are included and Applicable Taxes are extra.
2. No increase in the total liability of Canada will be authorized or paid to the Contractor unless an increase has been approved, in writing, by the Contracting Authority.
3. The Contractor must notify the Contracting Authority in writing as to the adequacy of this sum:
 - a. when it is 75 percent committed, or
 - b. four (4) months before the contract expiry date, or
 - c. as soon as the Contractor considers that the sum is inadequate for the completion of the Work required in all approved TAs, inclusive of any revisions, whichever comes first.
4. If the notification is for inadequate contract funds, the Contractor must provide to the Contracting Authority, a written estimate for the additional funds required. Provision of such information by the Contractor does not increase Canada's liability.

7.8.6 Funding by Fiscal Year

Despite the Total Estimated Cost (Limitation of Expenditure) specified in the Contract, and unless otherwise authorized in writing by the Contracting Authority, the maximum amount which may be paid for work completed in the period ending 31 March of the year specified is as follows:

Period of 1st April 20__ to 31 March 20__: \$ TBD
Period of 1st April 20__ to 31 March 20__: \$ TBD
Period of 1st April 20__ to 31 March 20__: \$ TBD
Period of 1st April 20__ to 31 March 20__: \$ TBD

7.8.7 Monthly Payment

7.8.7.1 Canada will pay the Contractor on a monthly basis for work performed and completed (i.e. goods delivered and/or services rendered) during the month covered by the invoice in accordance with the payment provisions of the Contract if:

- a. an accurate and complete invoice and any other documents required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
- b. all such documents have been verified by Canada;
- c. the Work performed has been accepted by Canada.

7.8.7.2 Clarifications

Work performed and completed (i.e. goods delivered and/or services rendered) is defined as follows:

- a. The following can be claimed by the Contractor only when the associated work order is completed and the repaired item is serviceable and ready for installation or the material is received by the Contractor and entered into DND's system of record:
 - i. Line 1;
 - ii. Line 2, as per PWS Annex A, Section 5, Paragraph 5.5.3.4 and Section 7, Paragraph 7.5.2;
 - iii. Line 3 AWRs;
 - iv. Line 4 AWRs;
 - v. Line 5;
 - vi. Line 6; and
 - vii. Line 7.
- b. The following can be claimed by the Contractor for the services rendered (i.e. hours worked) during the invoicing period subject to the maximum amounts approved by Canada in the Annual Activity Forecast:
 - i. Line 2, as per PWS Annex A, Section 5, Paragraphs 5.5.3.3, 5.5.4 and Section 7, Paragraph 7.5.1;
 - ii. Line 3 non-AWRs; and
 - iii. Line 4 non-AWRs.

7.8.8 Electronic Payment of Invoices – Contract

The Contractor accepts to be paid using any of the following Electronic Payment Instrument(s):

- a. Visa Acquisition Card;
- b. MasterCard Acquisition Card;
- c. Direct Deposit (Domestic and International);
- d. Electronic Data Interchange (EDI);
- e. Wire Transfer (International Only);
- f. Large Value Transfer System (LVTS) (Over \$25M)

7.8.9 Discretionary Audit

7.8.9.1 The following are subject to government audit before or after payment is made:

-
- a. The amount invoiced under the Contract, as computed in accordance with the Basis of Payment, including time charged.
- b. The accuracy of the Contractor's time recording systems and the systems required to process information related to the Industrial and Technological Benefits (ITB).
- c. The estimated amount of profit in any firm-priced element, firm time rate, firm overhead rate, or firm salary multiplier, for which the Contractor has provided the appropriate certification. The purpose of the audit is to determine whether the actual profit earned on a single contract if only one exists, or the aggregate of actual profit earned by the Contractor on a series of negotiated contracts containing one or more of the prices, time rates or multipliers mentioned above, during a particular period selected, is reasonable and justifiable based on the estimated amount of profit included in earlier price or rate certification(s).
- d. Any firm-priced element, firm time rate, firm overhead rate, or firm salary multiplier for which the Contractor has provided a "most favoured customer" certification. The purpose of such audit is to determine whether the Contractor has charged anyone else, including the Contractor's most favoured customer, lower prices, rates or multipliers, for like quality and quantity of goods or services.
- 7.8.9.2 Any payments made pending completion of the audit must be regarded as interim payments only and must be adjusted to the extent necessary to reflect the results of the said audit. If there has been any overpayment, the Contractor must repay Canada the amount found to be in excess.

7.8.10 Time Verification

SACC Manual clause C0711C (2008-05-12) Time Verification

7.8.11 Invoicing Instructions – Monthly Invoice

- 7.8.11.1 The Contractor must submit an invoice for payment using the form titled PWGSC-TPSGC 1111, Claim for Progress Payment. The following information must be included in each invoice:
- 7.8.11.2 All applicable information detailed under the section entitled "Invoice Submission" of the general conditions;
- 7.8.11.3 Line 001, Third Line In-Plant Maintenance price: The product of the total number of hours performed in the conduct of the services defined in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 001 multiplied by the fully loaded hourly labour rate identified in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 001;
- 7.8.11.4 Line 002, Second and First Line Maintenance price: The product of the total number of hours performed in the conduct of the services defined in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 002 multiplied by the fully loaded hourly labour rate identified in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 002;
- 7.8.11.5 Line 003, Engineering Support, Publications, and Training price: The sum of the prices for all Task Authorizations completed during the invoice period as defined in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 003;
- 7.8.11.6 Line 004, Materiel Support Services, Shipping, and Disposal Support price: The sum of the prices for all Task Authorizations completed during the invoice period as defined in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 004;

-
- 7.8.11.7 Line 005, Task-Based Mobile Repair Party (MRP) or Out of Plant Work price: The sum of the prices for all Task Authorizations completed during the invoice period as defined in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 005;
- 7.8.11.8 Line 006, Material Handling Rate – Contractor Furnished Material price: The price of all CFM spares during the reporting period and the Material Handling are to be calculated and identified as follows:
- a. The sum of the Laid Down Cost (Annex B, Basis of Payment, Para 3.2) of all CFM received by the Contractor, based on the process defined in Annex B; and
 - b. The product of the Laid Down Cost of all CFM multiplied by the Material Handling Rate identified in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 006;
- 7.8.11.9 Line 007, Subcontract Rate price: The price of all subcontracted work completed during the invoice period calculated and identified as follows:
- a. The sum of the price to the Contractor of all subcontracts completed as identified in subcontractors invoices to the Contractor;
 - b. The product of the sum of all completed subcontracts multiplied by the Subcontractor Rate identified in Annex B, Basis of Payment, Table 1/Table 2 (as applicable), line item 007; and
 - c. The Contractor must provide the subcontractor's invoice as supporting documentation to the invoice.
- 7.8.11.10 Line 008, Liquidated Damages: Liquidated Damages, as defined in Annex B, Basis of Payment section 4 must be invoiced as a negative amount on the invoice.
- 7.8.11.11 Applicable Taxes must be calculated on the total amount of the invoice before any negative Holdback is applied. At the time a holdback is released (positive), there will be no Applicable Taxes payable as it was invoiced and payable before the negative Holdback was applied.
- 7.8.11.12 The Contractor must prepare and certify one original and two copies of the Monthly Invoice. The original and one copy must be forwarded to the Procurement Authority (PA) and one copy must be forwarded to the Contract Authority (CA) both as identified under the section entitled "Authorities" of the Contract. An electronic copy of the Monthly Invoices and CDRL/DID MAT-004, Monthly Data Report must be submitted at the same time to the PA in Microsoft Excel format.
- 7.8.11.13 The Contractor must prepare all invoices in Canadian Dollars. For invoicing purposes the Contractor must use the foreign exchange rate published by the Bank of Canada on the last day of the invoice period, which is the last day of the month.
- 7.8.11.14 The Contractor must only include items in the invoice for which the goods and/or services have been completed and delivered.

7.9 Certifications and Additional Information

7.9.1 Compliance

Unless specified otherwise, the continuous compliance with the certifications provided by the Contractor in its bid or precedent to contract award, and the ongoing cooperation in providing additional information are conditions of the Contract and failure to comply will constitute the Contractor in default. Certifications are subject to verification by Canada during the entire period of the Contract.

7.9.2 Federal Contractors Program for Employment Equity - Default by the Contractor

The Contractor understands and agrees that, when an Agreement to Implement Employment Equity (AIEE) exists between the Contractor and Employment and Social Development Canada (ESDC)-Labour, the AIEE must remain valid during the entire period of the Contract. If the AIEE becomes invalid, the name of the Contractor will be added to the "[FCP Limited Eligibility to Bid](#)" list. The imposition of such a sanction by ESDC will constitute the Contractor in default as per the terms of the Contract.

7.10 Applicable Laws

The Contract must be interpreted and governed, and the relations between the parties determined, by the laws in force in (*insert at contract award*)

7.11 Priority of Documents

If there is a discrepancy between the wording of any documents that appear on the list, the wording of the document that first appears on the list has priority over the wording of any document that subsequently appears on the list.

- (a) the Articles of Agreement;
- (b) The General Conditions;
- (c) The Supplemental General Conditions;
- (d) Annex B, Basis of Payment;
- (e) Annex A, Performance Work Statement;
- (f) Annex C, Security Requirements Check List;
- (g) Annex D, Performance Management Specification
- (h) Annex E, Industrial and Technological Benefits Terms and Conditions;
- (i) Annex F, Government Supplied Material and Government Furnished Equipment;
- (j) Annex G, Information Technology Security Requirements;
- (k) Annex I, Non-Disclosure Agreement; and
- (l) the Contractor's bid dated ____TBD____.

7.12 Defence Contract

SACC Manual clause [A9006C](#) (2012-07-16) Defence Contract

7.13 Canadian Forces Site Regulations

SACC Manual clause [A9062C](#) (2011-05-16) Canadian Forces Site Regulations

7.14 Access to Facilities and Equipment

SACC Manual clause [A9028C](#) (2007-05-25) Access to Facilities and Equipment

7.15 Work Site Access

SACC Manual clause [A1009C](#) (2008-05-12) Work Site Access

7.16 Foreign Nationals

SACC Manual clause [A2000C](#) (2006-06-16) Foreign Nationals (Canadian Contractor)

OR

SACC Manual clause [A2001C](#) (2006-06-16) Foreign Nationals (Foreign Contractor)

7.17 Insurance

SACC Manual clause [G1005C](#) (2016-01-28) Insurance - No Specific Requirement

7.18 Controlled Goods Program

SACC Manual clause [A9131C](#) (2020-11-19) Controlled Goods Program

7.19 Controlled Goods

SACC Manual Clause [B4060C](#) (2011-05-16) Controlled Goods

7.20 Quality Assurance Authority

SACC Manual clause [D5510C](#) (2022-05-12) Quality Assurance Authority (Department of National Defence) – Canada-based Contractor

OR

SACC Manual clause [D5515C](#) (2010-01-11) Quality Assurance Authority (Department of National Defence) - Foreign-based and United States Contractor

7.21 Priority Rating

SACC Manual clause [C2801C](#) (2022-03-29) Priority Rating: Canadian-based Contractors

OR

SACC Manual clause [C2800C](#) (2013-01-28) Priority Rating

7.22 End User Certificate

Canada certifies that the goods, services or both ordered under the Contract are purchased by Canada for the exclusive use of the Canadian Armed Forces.

7.23 Release documents

7.23.1 Release Documents (Department of National Defence): Canadian-Based Contractor

- a. Unless otherwise directed by the Department of National Defence (DND) Quality Assurance Authority, the signature of the DND Quality Assurance Representative on the release document is not required.
- b. Material must be released for shipment using either DND form CF 1280, Certificate of Release, Inspection and Acceptance, or a release document containing the same information. The Contractor must prepare the release document(s).
- c. For return of repair and overhaul material to the Defence Supply Chain, use forms DND 2227/DND 2228 in lieu of DND form CF 1280.

And/Or

7.23.2 Release Documents (Department of National Defence): United-States Based Contractor

The Contractor will obtain access to DND's system of record, DRMIS, during the contract transition period. In the event DRMIS is not available material must be released for shipment using a DD Form 250, Material Inspection and Receiving Report, or a release document containing the same information and acceptable to the Quality Assurance Representative. The Contractor must prepare the release document(s).

And/Or

7.23.3 Release Documents (Department of National Defence): Foreign-Based Contractor

The Contractor will obtain access to DND's system of record, DRMIS, during the contract transition period. In the event DRMIS is not available material must be released for shipment using a Certificate of Conformity in accordance with NATO STANAG 4107 which must be prepared by the Contractor.

7.24 Bar Coding – Package Marking

- 7.24.1 The Contractor must apply, on the package, bar code information for item(s) identified by the PA, with Application Identifier(s) provided by the PA, using bar code symbology UCC/EAN-128 (Uniform Code Council/EAN International). Below the bar code symbol, the Contractor must apply the Human-Readable Interpretation (HRI) markings.
- 7.24.2 The bar code marking(s) must be legible, applied to a printable surface or label and positioned in accordance with the Canadian Forces Packaging Specification D-LM-008-002/SF-001, Marking for Storage and Shipment (in effect at the closing date of the bid solicitation).

7.25 Inspection and Acceptance

The Technical Authority is the Inspection Authority. All reports, deliverable items, documents, goods and all services rendered under the Contract are subject to inspection by the Inspection Authority or representative. Should any report, document, good or service not be in accordance with the requirements of the Statement of Work and to the satisfaction of the Inspection Authority, as submitted, the Inspection Authority will have the right to reject it or require its correction at the sole expense of the Contractor before recommending payment.

7.26 Quality Plan

No later than 30 days after the effective date of the Contract, the Contractor must submit for acceptance by the Department of National Defence (DND) a Quality Plan prepared according to the

latest issue (at contract date) of *ISO 10005:2018 "Quality management systems - Guidelines for quality plans"*. The Quality Plan must describe how the Contractor will conform to the specified quality requirements of the Contract and specify how the required quality activities are to be carried out, including quality assurance of subcontractors. The Contractor must include a traceability matrix from the elements of the specified quality requirements to the corresponding paragraphs in the Quality Plan.

The documents referenced in the Quality Plan must be made available when requested by Public Works and Government Services Canada or DND.

If the Quality Plan was submitted as part of the bidding process, the Contractor must review and, where appropriate, revise the submitted plan to reflect any changes in requirements or planning which may have occurred as a result of pre-contract negotiations.

Upon acceptance of the Quality Plan by DND, the Contractor must implement the Quality Plan. The Contractor must make appropriate amendments to the Quality Plan throughout the term of the contract to reflect current and planned quality activities. Amendments to the Quality Plan must be acceptable to DND.

If the Contract includes the option for software design, development or maintenance of software, the Contractor must interpret the requirements of *ISO 9001:2015 "Quality management systems - Requirements"*, according to the guidelines of the latest issue (at contract date) of *ISO/IEC 90003:2018 "Software engineering - Guidelines for the application of ISO 9001:2015 to computer software"*.

7.27 ISO 9001:2018 Quality Management Systems-Requirements (Quality Assurance Code Q)

SACC Manual Clause D5540C (2021-05-20) ISO 9001: 2020 Quality Management Systems – Requirements (Quality Assurance Code Q)

7.28 Access to DND Computer System – Non-Disclosure Agreement

- 7.28.1 For purposes of carrying out its work under the Contract, the Contractor and its personnel as required, whether as employee, subcontractor, agent, or otherwise, must be given access to the DND Enterprise Resource Planning (ERP) application known as the Defence Resource Management Information System (DRMIS), also sometimes referred to as either one of its parent applications, the Financial Management Accounting System (FMAS) or the Materiel Acquisition and Support Information System (MASIS). In performance of the work, the Contractor agrees that it and its personnel will restrict their use of and access to only the DRMIS data and associated data tables which are required to carry out the work under the Contract. The Contractor also agrees that neither it nor any of its personnel will access any information or data from DRMIS that is not specifically required to perform the work under the Contract nor use or disclose any such information or data for any purpose whatsoever. The Contractor agrees that it will by contract subject its subcontractors at any tier and agents who have access to DRMIS to the same obligation and restriction before any of them is permitted to access the DRMIS system.
- 7.28.2 The Contractor must require every individual personnel performing Work pursuant to the Contract and who will be given access to DRMIS to sign the Access and Non-Disclosure Agreement attached at Annex I. The Contractor must deliver each such Access and Non-Disclosure Agreement to the Technical Authority before the individual personnel is permitted to access DRMIS. Every individual personnel requiring access to DRMIS must obtain a Public Key Infrastructure (PKI) card in accordance with the recently implemented Two-Factor Authentication (A-LM-184-001/JS-001 Chapter 1.1).

- 7.28.3 The Contractor agrees to notify the Contracting Authority immediately when the Contractor becomes aware of any actual or potential breach of this Contract or of an Access and Non-Disclosure Agreement, including the name or names of the persons who have committed or have planned to commit a breach and all information that the Contractor is reasonably able to obtain as to the nature of the breach and the data in DRGIS that was accessed in breach of the Contract, the Contract or an Access and Non-Disclosure Agreement. The Contractor must immediately transmit to the Contracting Authority any notice it receives from a subcontractor at any tier of any breach or potential breach.
- 7.28.4 The Contractor agrees that where it becomes aware that any of its personnel or the personnel of any subcontractor at any tier have breached this Contract (or the equivalent in a subcontract at any tier) or an Access and Non-Disclosure Agreement, or have been given access to DRGIS without having been required to sign the Access and Non-disclosure Agreement, and unless Canada determines that no advantage to a bidder in a procurement could have resulted from the breach, the Contractor must, for a period of two (2) years commencing on the date of the last possibility of access to DRGIS by that person, not use the services of or information from that person in preparing, participating in, or advising on any bid in a competitive procurement by Canada in which unauthorized access to DRGIS could provide an advantage to a bidder. The restriction in the preceding sentence applies as well to any bid of a subcontractor at any tier whose personnel is guilty of the breach, or to any bid in which the subcontractor at any tier, as applicable, is a participant, subcontractor or provides advice or assistance to a bidder. The Contractor agrees that Canada may, in a call for tenders or Request for Proposal for any such competitive procurement, provide that all bidders must certify that they have not, in the preparation of a bid, used the services of or information from a person who has committed a breach referred to in this paragraph whose name will be listed in the tender call or Request for Proposal documents.
- 7.28.5 The Contractor agrees that if Canada receives or discovers credible evidence, in the sole opinion of Canada, of a breach of this Contract or of an Access and Non-Disclosure Agreement, or such evidence sufficient to create a reasonable apprehension of such a breach that, in Canada's sole opinion, if known would present a significant risk of a successful legal challenge to a competitive procurement, Canada will have sufficient grounds for disqualification of any bid of the Contractor or in which the Contractor is a participant, subcontractor or advisor, or if a contract has already been awarded to the bidder of such a bid, Canada will have sufficient grounds to terminate that contract for default. The Contractor will ensure that all subcontractors at any tier are aware of and bound by this Contract and Para 7.28.5 in relation to procurement by Canada or a contract awarded by Canada.
- 7.28.6 The remedies in Para 7.28.5 are not applicable to a breach described in Para 7.28.4 by personnel unless the conditions of Para 7.28.5 are met, and either (a) the breach was directed, requested or condoned by the Contractor's or subcontractor's management or supervisor of the personnel, as applicable, or (b) the Contractor or subcontractor, as applicable, has used or contributed in a bid information obtained as a result of such a breach, or has otherwise benefitted from the breach.
- 7.28.7 Canada has the right to monitor and record all activities associated with the use of DND computer systems.

7.29 Flight Safety

SACC Manual Clause B4064C (2008-05-12) Flight Safety

7.30 Tooling Loaned by Department of National Defence

- 7.30.1 The tooling listed in the supporting Department of National Defence (DND) loan agreement, and detailed in Annex F, is required to perform the Work under the Contract and will be supplied at

MOB by DND. All other Special Tools and Test Equipment is the responsibility of the Contractor. Calibration and maintenance of Government provided tools are the responsibility of the Contractor. The provided tooling remains the property of Canada.

- 7.30.2 Upon completion of the Contract, the Contractor must inspect the tooling provided to the Contractor by DND for condition and count and must repair, replace or reimburse any items found unserviceable. The Contractor must report non-repairable items and list any components that have been lost or are non-repairable and send the list to the Contracting Authority. Each item will also include a Materiel Condition Tag CF 942. At the completion of the Contract, the Contractor must have in its possession a complete set of tooling in serviceable condition.
- 7.30.3 The Contractor must return the tooling prepaid immediately upon completion of the Contract to the point of issue for catalogued material. Non catalogued stock (without NATO Stock Numbers), will be directed through consultation between the Life Cycle Material Managers (LCMMs), technical authorities and Disposal, Sales, Artefacts & Loans (DSAL).
- 7.30.4 The items must be packaged in accordance with best commercial standards to ensure safe arrival at destination. Items must be tagged with a CF 942 tag identifying:
- a. description;
 - b. kit number;
 - c. quantity;
 - d. condition; and
 - e. Technical Inspector (name, signature, telephone number).
- 7.30.5 Items not identified or packaged as required above and that are found to be unserviceable will be returned to the Contractor. The Contractor will be responsible for return shipping costs and associated labour costs involved.
- 7.30.6 Hazmat items must be clearly marked and made safe for redistribution in accordance with the Transport of Dangerous Goods Act and its regulations.

7.31 Surplus Government Property

- 7.31.1 If, during the period of or at the time of completion of the Contract, the Contractor determines that government property such as tooling, test equipment and materials is surplus, the Contractor must report such surplus to the Contracting Authority by providing a spreadsheet that identifies all surplus government property. The spreadsheet must include as a minimum, the quantity, unit of issue, description of items including part number, location of property and classification of property. The classification of property field must identify if the surplus property must be classified as a controlled or a non-controlled good, which is either new serviceable, used serviceable or repairable, used unserviceable or scrap. The Contractor must complete and submit to the Contracting Authority Form CF152, Material Adjustment Report.
- 7.31.2 If some or all of the surplus property is not required by Canada, then Canada may give the Contractor the right of first refusal to purchase the property at fair market value to be negotiated with Crown Assets Distribution.

7.32 Hazardous Waste Disposal

SACC Manual Clause A9019C (2011-05-16) Hazardous Waste Disposal

7.33 Government Supplied Technical Documents

SACC Manual Clause B4059C (2008-05-12) Government Supplied Technical Documents

7.34 Catalogue of Material on CD-ROM

- 7.34.1 The Department of National Defence will provide a copy of the Canadian Government Catalogue of Material (CGCM) on CD-ROM, Publication A-LM-137-COM/LX-001 to the Contractor, upon written request to the National Defence Quality Assurance Representative (NDQAR) specified in the Contract. The CGCM includes limited rights data of certain NATO countries or manufacturers that are proprietary. Therefore, as required by NATO Standardization Agreement (STANAG) 4438, to have access to the CGCM, the Contractor must sign a non-disclosure agreement and protect the data in accordance with the conditions of the agreement.
- 7.34.2 The provision of the CGCM will be coordinated through the NDQAR.

7.35 Unauthorized Codes

- 7.35.1 The Contractor guarantees that the electronic medium and software provided to Canada under the Contract have no viruses or unauthorized codes, whether or not through fault or negligence on the part of the Contractor. If Canada suffers any loss or damage due to viruses or unauthorized codes, the Contractor must reimburse all the expenses incurred by Canada to return its systems to their initial condition.

7.36 Material

7.36.1 Military Aviation Replacement Parts - Maintenance of Records

SACC Manual Clause A0301C (2007-05-25) Military Aviation Replacement Parts - Maintenance of Records

7.36.2 Military Aviation Replacement Parts - Airworthiness Documentation

- 7.36.2.1 The Contractor must provide airworthiness documentation, for each unit of issue, within the interior packaging or attached to the good(s) supplied.

7.36.3 Condition of Material

- 7.36.3.1 The Contractor must provide material that is new production of current manufacture supplied by the principal manufacturer or its accredited agent. The material must conform to the latest issue of the applicable drawing, specification and part number, as applicable.

7.36.4 Delivery of Dangerous Goods/Hazardous Products

- 7.36.4.1 The Contractor must mark dangerous goods/hazardous products material which is classed as dangerous / hazardous as follows:

a) shipping container - in accordance with the Transportation of Dangerous Goods Act, 1992, c. 34; and

b) immediate product container - in accordance with the Hazardous Products Act, R.S., 1985, c. H-3.

- 7.36.4.2 The Contractor must provide both an English and a French Safety Data Sheet (SDS), indicating the product's NATO Stock Number (NSN) as follows:

b. one (1) hard copy – to be enclosed with the shipment; and

c. one (1) electronic copy – sent to the following address: SDS.FDS@forces.gc.ca.

7.36.4.3 The Contractor will be responsible for any damages caused by improper packaging, labelling or carriage of goods/products.

7.36.4.4 The Contractor must ensure they adhere to all levels of regulations regarding dangerous goods/hazardous products as set forth by federal, provincial and municipal laws and by-laws.

7.36.4.5 The Contractor must contact the consignee (i.e. Supply Depot Traffic Section) at least 48 hours before shipping dangerous goods/hazardous products in order to schedule a receiving time.

7.36.5 Shipment of Dangerous Goods/Hazardous Products

7.36.5.1 The Contractor must label and ship goods falling within the Hazardous Products Act, R.S.C. 1985, c. H-3 and regulation(s) in accordance with the said Act and regulation(s) accompanied by the required material safety data sheet(s) completed in either English or French. The label must clearly identify the contents of the hazardous material and the material safety data sheet must explain what those hazards are.

7.36.6 Dangerous Goods/Hazardous Products - Labelling and Packaging Compliance

7.36.6.1 The Contractor must ensure proper labelling and packaging in the supply and shipping of dangerous goods/hazardous products to the Government of Canada.

7.36.6.2 The Contractor will be held liable for any damages caused by improper packaging, labelling or carriage of dangerous goods/hazardous products.

7.36.6.3 The Contractor must clearly mark all merchandise labels with the percentage of volume that is a hazardous item. Failure to do so will result in the Contractor being held responsible for damages caused in the movement of goods/products by government vehicles or government personnel.

7.36.6.4 The Contractor must adhere to all applicable laws regarding dangerous goods/hazardous products.

7.36.7 Wood Packaging Material

7.36.7.1 All wood packaging materials used in shipping must conform to the International Standards for Phytosanitary Measures No. 15: Regulation of Wood Packaging Material in International Trade (ISPM 15).

7.36.7.2 Pertinent additional information on Canada's import and export programs is provided in the following Canadian Food Inspection Agency policy directives:

7.36.7.3 D-98-08 - Entry Requirements for Wood Packaging Materials Produced in All Areas Other Than the Continental United States

7.36.7.4 D-01-05 - The Canadian Wood Packaging Certification Program (CWPCP)

7.37 Shipping & Customs

7.37.1 Shipping Instructions – Delivery at Destination

Goods must be consigned to the destination specified in the Contract and delivered: Delivered Duty Paid (DDP) (15 Wing Moose Jaw, Building #143, Door #13, Moose Jaw, SK, S6H 7Z8) Incoterms 2010 for shipments from a commercial contractor.

7.37.2 Transportation Costs

The Contractor must ship the goods prepaid to (15 Wing Moose Jaw, Building #143, Door #13, Moose Jaw, SK, S6H 7Z8). Prepaid transportation costs must be shown as a separate item on the invoice, supported by a certified copy of the prepaid transportation bill of lading.

7.37.3 Customs Duties - Contractor Importer

1. As the goods to be supplied under the Contract are defence supplies, customs duties on importation to Canada may be remitted under the Tariff Item Number 9982.00.00 of the Schedule to the Customs Tariff.
2. Remission of customs duties payable may be granted under the Tariff Item Number 9982.00.00 when the total contract value of the defence supplies is C\$250,000 or more. This reflects the import value of the goods plus the duty that would be applicable in the absence of the Customs Tariff.
3. The Contractor will be responsible for pre-arranging remission on importation or for paying customs duties on importation and applying to Canada Border Services Agency for a refund. The Contractor is also responsible for applying to Public Works and Governments Services Canada in good time for the certification required by the Customs Tariff.

7.38 Airworthiness Requirements

7.38.1 Technical Airworthiness Activities

1. All work performed in support of this contract, which involves airworthiness-related activities, is performed under the authority of the Minister of National Defence and the DND/CF Airworthiness Program, A-GA-005-000/AG-001, and is subject to the provisions of the Technical Airworthiness Manual (TAM), CFTO C-05-005-001/AG-001. Therefore, all contracted airworthiness-related activities shall be performed in accordance with the TAM. Non-Compliance to the TAM or the airworthiness program will result in non-Compliance to this contract

7.38.2 TAA Organizational Acceptance

1. The contractor shall obtain provisional TAA Acceptance as an ATO prior to commencing any airworthiness activities and full TAA Acceptance within 12 months after OSD. The contractor shall provide the resources necessary to develop and enable the required policy and processes to achieve the airworthiness authority for the scope and depth of activities required to perform the work defined within this PWS. Failure to develop and enable the required enabling policy and processes to achieve full TAA Acceptance will result in non-compliance to this contract.
2. As part of the organizational acceptance process, the contractor shall provide the TAA with suitable access to:
 - a. policy and process manuals, lower-tier procedural documents, and work instructions used to perform the contracted In-Service Support services, as well as staff assistance necessary to demonstrate compliance to the requirements of the TAM for the scope of work sought;
 - b. enabling organizational records associated with the conduct of the contracted airworthiness-related activities and those that demonstrate compliance to the TAM including, but not limited to: internal and independent third party quality audits records,

records that capture skill, knowledge and experience of authorized personnel, and data generated to support the demonstration of compliance to an airworthiness standard.

3. Should the contractor elect to use subcontractors to deliver any part of the work sought under this contract, the contractor will be responsible to ensure that their subcontractors meet the requirements of the TAM as an organization acceptable to the TAA, with a scope of airworthiness authorization sufficient to perform all sub-contracted work. Furthermore, the contractor will be responsible to perform all the necessary oversight activities on the selected subcontractors.