

SSRO

Single Source
Regulations Office

INTERNATIONAL ARRANGEMENTS FOR SINGLE SOURCE CONTRACTING: RESPONSES TO AN SSRO INFORMATION REQUEST

September 2025



Contents

| | | |
|-----------|---|-----------|
| 1. | Introduction | 3 |
| 2. | About the rules which apply to single source contracts | 5 |
| 3. | Responsible bodies | 12 |
| 4. | Single source contract pricing | 17 |
| 5. | Use of data on single source contract pricing | 30 |
| 6. | Opportunities for improvement | 34 |
| 7. | Contacts for further information | 41 |



1. Introduction

In spring 2025 the Single Source Regulations Office (SSRO) asked members of the International Industrial Cost Analysis and Verification Community of Practice (ICOP) to provide information on the arrangements which govern single source contract pricing and cost verification in their areas of jurisdiction. The responses to the SSRO's questionnaire are compiled in this document as a reference source for ICOP members and others with an interest in single source defence procurement. The SSRO drew on the information provided by ICOP member organisations in preparing a summary paper on approaches to single source contracting which was published alongside this document in September 2025.¹

About the SSRO

The SSRO is responsible for overseeing the UK's statutory regulatory framework for single source defence procurement.² That framework controls the pricing of non-competitive contracts which meet specified criteria and requires transparency on the part of the contractors under those contracts. The framework now covers over 700 contracts with a total estimated price of almost £125 billion.³ Through our statutory functions, the SSRO helps to ensure that good value for money is obtained from regulated contracts and that contractors under those contracts are paid a fair and reasonable price.

1 SSRO (2025) *Same Challenges, Different Solutions: A Survey of International Arrangements for Single Source Contracting* available at <https://ssro.gov.uk/a-survey-of-international-arrangements-for-single-source-contracting-same-challenges-different-solutions/>.

2 Established by the Defence Reform Act 2014 and the Single Source Contract Regulations 2014.

3 SSRO (2025) *Annual Qualifying Defence Contract Statistics: 2024/25* available at <https://www.gov.uk/government/publications/annual-qualifying-defence-contract-statistics-2024-25>

About ICOP

ICOP was established in 2017 as a vehicle for information sharing and closer working between public sector industrial cost analysis agencies working in the space and defence domains. Member organisations share information on approaches to public procurement, single source contracting, and cost verification in their jurisdictions through collaborative project work and through a database hosted by the European Space Agency. Members also meet annually to share knowledge and experience to support improvements in their respective approaches.

Organisations providing information

The SSRO is grateful to the ICOP member organisations listed in the table below whose responses to the SSRO's information request feature in this publication alongside information about the UK regulatory framework. The responses provided by each organisation are identified in this document using the reference codes shown below.

| Responding organisation | Procurement organisation | Ref |
|---|---|------------|
| Australia Capability Acquisition and Sustainment Group, Department of Defence | Capability Acquisition and Sustainment Group, Department of Defence | AU |
| Belgium Price Audit Department, Procurement Division, Ministry of Defence | Procurement Division, Ministry of Defence | BE |
| Canada Public Services and Procurement Canada | Public Services and Procurement Canada | CA |
| Germany Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw) | Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw) | DE |
| Denmark Danish Ministry of Defence Acquisition and Logistics Organisation (DALO) | Danish Ministry of Defence Acquisition and Logistics Organisation (DALO) | DK |
| European Space Agency Industrial Cost Audit Services Office | European Space Agency | ESA |
| France DOMN/S2A | Direction Générale de l'Armement (DGA) | FR |
| The Netherlands Contract Auditing, Central Government Audit Service, Ministry of Finance | Command Materiel and IT (COMMIT), Ministry of Defence | NL |
| Norway Contract Audit Section (CAS), Norwegian Defence Materiel Agency | Norwegian Defence Materiel Agency | NO |
| United Kingdom Single Source Regulations Office (SSRO) | Ministry of Defence (MOD) | UK |
| United States of America Defense Contract Audit Agency (DCAA) | Department of Defense | US |

2. About the rules which apply to single source contracts

This section provides information on the legal frameworks and regulations governing single source contracts in various jurisdictions.

2.1 Are the rules which apply to single source contracts established in law?

| | Yes/No | Details |
|------------|--------|--|
| AU | Yes | <p>In Australia, the Public Governance, Performance and Accountability Act 2013 (PGPA Act) is the primary legislative instrument governing the rules that apply to government procurements.</p> <p>Under section 105B(1) of the PGPA Act, the Commonwealth Procurement Rules (CPRs) are released by the Finance Minister and are the foundation of the Commonwealth procurement framework.</p> <p>Officials from non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in section 30 of the Public Governance, Performance and Accountability Rule 2014 must comply with the CPRs when performing duties related to procurement. These entities are referred to as relevant entities throughout the CPRs.</p> <p>The CPRs state that Australian Government procurement is conducted by open tender or limited tender. Under the CPR framework, single source procurements are considered a limited tender.</p> |
| BE | Yes | <p>Belgian Procurement legislation (Belgian legislation on public procurement has been codified in the Act of 17 June 2016 concerning public procurement, and the Act of 13 August 2011 on public contracts and certain contracts for works, supplies and services in the field of defence and security).</p> |
| CA | Yes | <p>The determination of contracting policy is the responsibility of the Treasury Board, pursuant to sections 7 and 41 of the Financial Administration Act. In its policy role, the Treasury Board has established limits on ministerial contracting authorities, including the extent to which departments can enter into non-competitive contracts</p> <p>The Government Contract Regulations (GCRs) generally apply to the bidding requirement; the Treasury Board Contracting Policy (TBCP) applies to contract entry and related administration. The GCRs are much broader in scope than the trade agreements in that the GCRs apply to all domestic Crown procurements. Unlike the TBCP, the GCRs and the trade agreements have the force of law.</p> <p>Public Services and Procurement Canada (PSPC) has more guidance and policies to apply these legislations.</p> |
| DE | Yes | <p>The pricing of public contracts is established in Regulation “VO PR Nr. 30/53” and Statutory Guidelines for Pricing on the Basis of Cost “LSP”</p> |
| DK | No | <p>The relevant requirements and rules for cost calculation are incorporated into DALO single source contracts.</p> |
| ESA | Yes | <p>The European Space Agency is an international organisation and, as a result, has its own set of regulations, including Contracting Regulations wherein procurement from single source suppliers is regulated.</p> |
| FR | Yes | <p>Code de la Commande Publique (CCP)</p> |
| NL | No | <p>COMMIT has a set of Guideline Procurement Contracts (Richtsnoer Contractvorming)</p> |
| NO | No | <p>Norwegian Defence Acquisition Regulation (NDAR)</p> |

| | Yes/No | Details |
|-----------|--------|--|
| UK | Yes | <p>UK procurement is subject to the following Procurement Regulations which contain certain rules and procedures that apply to public procurement including that for defence:</p> <ul style="list-style-type: none"> the Defence and Public Contracts Regulations (DSPCR) 2011, Regulation 5; the Public Contracts Regulations (PCR) 2015, Regulation 76; the Concession Contracts Regulations (CCR) 2016, Regulation 8; and the Procurement Act 2023 - Part 2 - Principles and Objectives, Section 12. <p>The Defence Reform Act 2014 and the Single Source Contract Regulations 2014 (SSCR) apply to single source defence contracts that meet specified criteria and exceed defined financial thresholds.</p> |
| US | Yes | 41 USC 1901, 10 USC 3204 |

2.2 Considering the purposes for which contracts may be entered into, to which single source contracts do the rules apply?

| | Defence purposes only | Any purpose | Specified purposes | Details |
|------------|-----------------------|-------------|--------------------|---|
| AU | | ✓ | | - |
| BE | | ✓ | | - |
| CA | | ✓ | | Competitive solicitation is preferred. The single-source contracts can be used for goods, services, or construction, including those related to defence, infrastructure, health, or administrative purposes, provided that the conditions for bypassing competition are met and properly justified. |
| DE | | ✓ | | VO PR Nr. 30/53 and LSP apply for all public procurement contracts (except as noted in 2.3 below). |
| DK | ✓ | | | - |
| ESA | | | ✓ | <p>The European Space Agency shall be to provide for, and to promote, for exclusively peaceful purposes, cooperation among European States in space research and technology.</p> <p>Competitive tendering does not apply:</p> <ol style="list-style-type: none"> if only one source for the supplies or services exists; in a case of extreme urgency resulting from compelling operational needs; where, for scientific, technical or economic reasons, contracts for additional or supplementary supplies or services cannot be separated from those of a previous contract; if the supplies or services required are the subject of intellectual property rights and can, as a consequence, only be procured from one particular source; if the expenditure involved does not exceed €150,000; if the Industrial Policy Committee has given a directive or a guideline to that effect to the Director General. |
| FR | ✓ | ✓ | | CCP livres I, III & V (sections of the public procurement code). |

| | Defence purposes only | Any purpose | Specified purposes | Details |
|----|-----------------------|-------------|--------------------|---|
| NL | ✓ | | | CA CGAS provides advice based on findings with reference to fair and reasonable pricing methodology based on business economic principles, good business practice and consistent code of conduct. |
| NO | ✓ | | | - |
| UK | | | ✓ | From 1 April 2024, the SSCR apply to contracts which are wholly or substantially for defence purposes. A contract is substantially for defence purposes if the value of the goods, works or services for defence purposes under the contract either (a) exceeds £5 million and is more than 30 per cent of the total contract value or (b) exceeds £25 million. |
| US | | ✓ | | - |

2.3 Are there any categories of single source contract to which the rules do not apply? (For example, contracts with another government or whose price is below a specified amount.)

| | |
|----|--|
| AU | <ul style="list-style-type: none"> • Its value is below the relevant procurement threshold – (AUD \$80,000, including Goods and Services Tax (GST)). • It is subject to one of the 17 exemptions to Division 2 listed at Appendix A to the CPRs. Examples include procurement: <ul style="list-style-type: none"> » of land, existing buildings or other immovable property; » of goods or services from another Commonwealth entity; » for the direct purpose of providing foreign assistance; » of research and development services; » by or on behalf of the Defence Intelligence Organisation, the Australian Signals Directorate, or the Australian Geospatial Intelligence Organisation; » from a small or medium-sized enterprise with at least 50 per cent indigenous ownership. • Where, in accordance with paragraph 2.6 of the CPRs, the CPRs do not apply to the extent that an official applies measures determined by their Accountable Authority (or an official to whom the Accountable Authority delegates the power to determine such measures). This includes: <ul style="list-style-type: none"> » maintenance and restoration of international peace; » protecting Human Health; » protection of essential security interests; » protecting national treasures of artistic, historic or archaeological value. |
| BE | Public contracts that fall under an exclusion case as provided for in the regulations (e.g., G2G, article 346 TFEU). |

| | |
|------------|---|
| CA | <p>Section 6 of GCRs list the situations where a contracting authority may enter into a contract without soliciting bids as:</p> <ul style="list-style-type: none"> • the need is a pressing emergency where delay would be injurious to the public interest; • the estimated expenditure does not exceed: <ul style="list-style-type: none"> » in the case of a goods contract, \$25,000, » in the case of a contract to be entered into by the Minister for International Development for the acquisition of architectural, engineering or other services required in respect of the planning, design, preparation or supervision of an international development assistance program or project, \$100,000; » in the case of a contract for the acquisition of architectural, engineering or other services required in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work, \$100,000; and » in the case of any other contract to which these Regulations apply, \$40,000; • the nature of the work to be contracted for is such that it would not be in the public interest to solicit bids; • only one person is capable of performing the work. <p>Canada's free trade legislation is founded on the principles of openness, fairness, transparency and non-discrimination. The procurement chapters of these agreements contain provisions that allow the government to limit competition. Generally speaking, the agreements include, with some wording differences, similar exceptions for setting aside competition to those found in the GCRs.</p> |
| DE | <ul style="list-style-type: none"> • They never apply to construction contracts. • They do not automatically apply to cases in which the contracting entity is majority-owned by the government but organised in a private legal form (e.g., GmbH). Contractual arrangement possible. |
| DK | <p>General exemptions:</p> <ul style="list-style-type: none"> • Contracts amounting to less than €1 million • Government-to-Government contracts • Contracts where prices are based on previous tendering • Public services • Standard commercial products or services with general market-based prices |
| ESA | No, the ESA Contracting Regulations apply to all ESA contracts. |
| FR | The single source rules of the procurement code apply to services and supplies but not to grants. |
| NL | For all single source procurement >€2.5 million a contract audit is required (CA CGAS). |
| NO | In cross-border procurement, auditing standards and regulatory requirements of the supplier's country can be applied. |

| | |
|----|---|
| UK | <p>Yes. Any single source defence contract between the UK Ministry of Defence and a contractor with an assessed value of less than £5 million will not be subject to these rules. The rules also apply to single source contracts above a financial threshold (£25 million) between a primary contractor and a sub-contractor or a sub-contractor and a further sub-contractor where goods, works or services are being provided for a qualifying defence contract or qualifying sub-contract. Single source sub-contracts with an assessed value of less than £25 million will not be subject to these rules.</p> <p>Regulation 7 of the SSCR specifies contracts which will not be qualifying defence contracts. These are:</p> <ol style="list-style-type: none"> contracts to which the government of any country other than the UK is party; contracts made within the framework of an international cooperative defence programme except where the parties to any such contract agree that it is a contract which should be a qualifying defence contract; made wholly for the purposes of the acquisition of land (including existing buildings or other structures, and land covered with water), and any estate, interest, easement, servitude or right in or over such land or the management or maintenance of any land or buildings or other structures. <p>The Secretary of State for Defence can also choose to exempt a contract that would have otherwise been a qualifying defence contract or qualifying sub-contract.</p> |
| US | <p>No. Procurement of property or services from another executive agency unless the other executive agency complies fully with the requirements of this division in its procurement of the property or services.</p> |

2.4 What strategic aims, if any, do the rules for single source contracts seek to achieve? (For example, ensuring value for money from public expenditure; promoting export potential.)

| | |
|----|--|
| AU | <p>Achieving value for money is the core rule of the CPRs, critical to ensuring the efficient, effective, economical and ethical use of public resources.</p> <p>Competition is a key element of the Australian Government's procurement framework. Effective competition requires non-discrimination and the use of competitive procurement processes.</p> <p>The Defence Strategic Review 2023 (DSR) recognised that the acquisition of more platforms and capabilities via sole source or off-the-shelf procurement would be required in order to achieve its ambition of greater speed to capability.</p> <p>In 2024, Defence released the Defence Industry Development Strategy (DIDS) which included:</p> <ul style="list-style-type: none"> Sole source and limited tenders Speed of capability delivery must be at the forefront of Defence's decision-making, including when determining the most appropriate procurement pathway. In circumstances such as highly limited market availability or when urgent delivery is required, Defence will either sole-source or select a small number of potential suppliers with a genuine capability and capacity to compete to tender. This will particularly be the case for procurement of off-the-shelf assets, materiel or advanced capabilities through Foreign Military Sales or other co-operative programs, or in support of Sovereign Defence Industrial Priorities (SDIPs). Where this approach results in design and manufacture overseas, Defence will prioritise, including through investment in SDIPs, conducting sustainment activities utilising Australian industry. |
|----|--|

| | |
|------------|---|
| | <ul style="list-style-type: none"> • Mandating critical Australian businesses Where appropriate, Defence will mandate the utilisation of existing businesses supporting SDIPs as part of a larger tender. This could take the form of mandating the use of a single company, or a number of identified companies that demonstrate capability and capacity to satisfy SDIPs. This has been undertaken before, specifically with the use of CEA radars, but will be expanded as part of the implementation of this Strategy. This mandating will only be undertaken where it is necessary to support and grow our SDIPs. <p>It is assumed that the intent of the DIDS in the above paragraphs can be delivered within the current requirements and obligations of the CPRs.</p> |
| BE | More confidential approach, deep, long-term partnership. |
| CA | <p>The basic objective of government procurement contracting is to acquire goods and services and carry out construction in a manner that enhances access, competition and fairness and that results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people. This broad statement permits government to use procurement to complement other government priorities while ensuring that the process is transparent and fair.</p> <p>One of the fundamental principles of federal contracting is openness and the practice of providing potential suppliers with opportunities to submit bids for government contracts. For this reason, when departments choose a non-competitive procurement strategy, it must be fully justified and recorded.</p> <p>Promoting national strategic objectives: for example, Industrial and Technological Benefits (ITB) Policy; National Shipbuilding Strategy (NSS).</p> |
| DE | <p>In general: preventing excessive pricing.</p> <p>In particular: ensure fair prices in cases where free-market co-ordinating mechanism does not work properly or cannot be applied.</p> |
| DK | Ensuring the Government pays fair and reasonable prices where there is no market competition. |
| ESA | Not applicable, the Agency's ambition is to use competitive tendering as much as possible. Single source (non-competitive tenders) contracts shall be avoided unless the aforementioned criteria in 2.2 apply. |
| FR | The proper use of public funds through transparency of costs, and proper pricing methods. |
| NL | Ensuring value for money for public expenditure, legality, legitimacy and expediency of cost, fair and reasonable pricing based on Fixed (estimated) cost price+ methodology where rates and factors are substantiated by the operational budgets and/or actual cost substantiated with quotes and/or other credible documentation. |
| NO | While cost-efficiency and the principle of value for money underpin all procurement activities, broader strategic considerations, such as ensuring national defence industry, also carry significant weight. These objectives may, at times, be inherently contradictory. |
| UK | The SSRO, in carrying out its functions, must aim to ensure that good value for money is obtained in government expenditure on qualifying defence contracts (contracts subject to regulation) and that contractors who are parties to those contracts are paid a fair and reasonable price. |
| US | Speed and Efficiency, Access to Specialized Expertise, and Streamlined Processes, Stronger Vendor Relationship. |

2.5 How are the rules which apply to single source contracts communicated to organisations who must apply them?

| | |
|------------|--|
| AU | <p>The Commonwealth Procurement Rules are publicly available. Defence also has Accountable Authority Instructions, the Defence Procurement Manual and other guidance to support the application of the Commonwealth Procurement Rules and PGPA Act.</p> <p>Within the Defence organisation the Capability Acquisition and Sustainment Group maintain key policy and guidance documents, conduct training and support delivery teams in meeting their obligations under legislation and policy.</p> |
| BE | Via electronic platform or one-on-one communication. |
| CA | <ul style="list-style-type: none"> • Legislation and regulations • TB policies • PSPC Supply Manual and Practitioner's Guide for Procurement Pricing • Public Notice/Policy Notifications • Online resources, such as Canadabuy.ca |
| DE | <p>They were issued by the Federal Ministry of Justice and Consumer Protection and published in the so-called "Bundesgesetzblatt". Moreover, they are published here:</p> <p>https://www.gesetze-im-internet.de/preisv_30_53/</p> <p>https://www.gesetze-im-internet.de/preisls/BJNR524400953.html</p> |
| DK | The rules are only applied to DALO contracts and are thus internally communicated to the procuring officer. |
| ESA | Not applicable. |
| FR | Publication of the Law and legal training of purchasing teams in the public procurement sector. |
| NL | Through RFI/RFQ with reference to the audit paragraph included in contracts and the general terms and conditions laid out by Procurement (1.1). |
| NO | NDAR is publicly accessible. This is further communicated to procurement authorities, who are responsible for obligating suppliers through contractual agreements. |
| UK | The rules should be communicated by the contracting authority to the contractor. For some rules there is a legal duty on the contracting authority to undertake specific activities which relate to communication or notification. As contractors are subject to these rules, they also have a duty to understand them and how to comply with them. |
| US | Contained in the US Code and FAR 13.501, and FAR 6.302-1. |

3. Responsible bodies

This section relates to the organisations responsible for setting, providing guidance on, and overseeing compliance with the rules for single source contracting.

3.1 Which body is responsible for:

- a. setting the rules which apply to single source contracts?
- b. providing guidance on the application of the rules?
- c. overseeing compliance with the rules?

| | a. Setting the rules | b. Providing guidance | c. Overseeing compliance |
|------------|---|--|---|
| AU | Department of Finance | <ul style="list-style-type: none"> Department of Finance Department of Defence | <ul style="list-style-type: none"> Department of Defence Australian National Audit Office (ANAO) |
| BE | Contracting Authority | Contracting Authority | Internal and external control instances (for instance the Inspectorate of Finance, MoD) |
| CA | Treasury Board of Canada Secretariat (TBS) | Public Services and Procurement Canada (PSPC) | <ul style="list-style-type: none"> Office of the Procurement Ombudsman (OPO) PSPC's Contract Quality Assurance and Records Compliance Directorate (CQARCD) Office of Auditor General (OAG) |
| DE | German Federal Council "Bundesrat" | Federal pricing agencies("Preisbildungsstelle") of the German Federal States ("Bundesländer") | Federal price monitoring agencies ("Preisüberwachungsstelle") of the German Federal States ("Bundesländer") or if contractually agreed BAAINBw |
| DK | DALO Audit Section | DALO Audit Section | DALO Compliance Section |
| ESA | The Council of the European Space Agency | The Contracts Department of the European Space Agency | The ESA Internal Audit and Evaluation Service; Industrial Ombud of the European Space Agency; and The Procurement Review Board |
| FR | The Government and Parliament through regulations | Ministry of finance and/or Ministry of defence | Governmental control bodies (Contrôle general des armées, Cour des Comptes) |
| NL | Government, Ministry of Finance | Head Department Finance & Control MoD, COMMIT, MoD and Contract Auditing CGAS. | Head department of F&C MoD, Compliance Department CGAS, CGAS (Min. of Finance)=> 3 lines of defense |

| | a. Setting the rules | b. Providing guidance | c. Overseeing compliance |
|-----------|---|--|---|
| NO | Ministry of Defence | Procurement authorities | Contract Audit Section (CAS) (It should be mentioned that The Office of the Auditor General (Riksrevisjonen) is the supreme audit authority. They control that the procurement authority follows the regulations). |
| UK | The UK Ministry of Defence will identify and define the rules and sponsor them as they are approved by the UK Parliament. | The SSRO has powers to provide statutory guidance about the rules. The UK Ministry of Defence will also provide commercial guidance to its commercial staff to help them to comply with the rules which apply to them. | The SSRO oversees compliance with some aspects of the rules. For example, compliance with reporting requirements. The SSRO does not have enforcement powers to be able to take action where contractors are non-compliant with the rules: these are held by the UK Ministry of Defence. |
| US | U.S. Government | Federal Acquisition Regulation Council. | Office of the Inspector General (IG), Audit Agencies, Contracting Officers. |

3.2 To whom are the bodies identified in response to question 3.1 accountable?

| | a. Setting the rules | b. Providing guidance | c. Overseeing compliance |
|-----------|--|--|--|
| AU | Australian Government | Australian Government | Australian Government |
| BE | Internal and external control instances | Internal and external control instances | External control instances |
| CA | President of the Treasury Board (TB) | Minister of PSPC | Minister of PSPC (OPO, CQARCD) OAG is accountable to the Parliament |
| DE | N/A | Ministry of Economic Affairs of the respective Federal State German Federal Ministry for Economic Affairs and Energy (supreme price monitoring authority) | Ministry of Economic Affairs of the respective Federal State (for federal price monitoring agencies) German Federal Ministry for Economic Affairs and Energy (supreme price monitoring authority). All decisions of the bodies can be challenged in court. |
| DK | DALO is accountable to the Minister of Defence The Ministry of Defence is accountable to the National Audit Office of Denmark | DALO is accountable to the Minister of Defence The Ministry of Defence is accountable to the National Audit Office of Denmark | DALO is accountable to the Minister of Defence The Ministry of Defence is accountable to the National Audit Office of Denmark |

| | a. Setting the rules | b. Providing guidance | c. Overseeing compliance |
|------------|--|---|---|
| ESA | The respective Member States | The Council of the European Space Agency composed of delegates from the Member States | The Director General of the European Space Agency |
| FR | Parliament and EU COM | Prime minister and Parliament and EU COM | Minister for the department and EU COM |
| NL | MoD & COMMIT | MoD | Head department of F&C MoD |
| NO | - | - | - |
| UK | The UK Ministry of Defence is accountable to the UK Parliament | The SSRO is an independent organisation with its own Board and executive functions. It receives its funding from the UK Ministry of Defence but operates at arm's length from it. | The SSRO is an independent organisation with its own Board and executive functions. It receives its funding from the UK Ministry of Defence but operates at arm's length from it. |
| US | Taxpayers | Congress | Government Accountability Office (GAO) |

3.2 What, if any, powers do the bodies identified in response to question 3.1 have?
(Tick all that apply for each body.)

| a. Setting the rules | AU | BE | CA | DE | DK | ESA | FR | NL | NO | UK | US |
|--|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Agreeing contract prices | | ✓ | ✓ | | ✓ | | | ✓ | | ✓ | |
| Issuing guidance on contract pricing | | ✓ | ✓ | | ✓ | | | ✓ | ✓ | ✓ | |
| Recommending or determining parameters to be used in contract pricing, for example, profit rates | | ✓ | | | ✓ | | ✓ | | | ✓ | ✓ |
| Auditing compliance with the rules | | ✓ | | | ✓ | | ✓ | | | ✓ | |
| Taking enforcement action in cases of non-compliance with the rules | ✓ | ✓ | ✓ | | ✓ | | ✓ | | | ✓ | |
| Accessing or requiring information to be provided | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | ✓ | |
| Arbitration on disputes about application of the rules | ✓ | | | | ✓ | | | | ✓ | | |
| Licensing of single source suppliers | | | | | ✓ | | | | ✓ | ✓ | |
| Investigations or research studies | ✓ | | ✓ | | ✓ | | ✓ | | ✓ | | |
| Other powers (Please describe) | | | | | | | | | | | |

| b. Providing guidance | AU | BE | CA | DE | DK | ESA | FR | NL | NO | UK | US |
|--|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Agreeing contract prices | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | | |
| Issuing guidance on contract pricing | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Recommending or determining parameters to be used in contract pricing, for example, profit rates | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Auditing compliance with the rules | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | |
| Taking enforcement action in cases of non-compliance with the rules | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | |
| Accessing or requiring information to be provided | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Arbitration on disputes about application of the rules | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | |
| Licensing of single source suppliers | ✓ | | | | | | | ✓ | | | |
| Investigations or research studies | ✓ | | ✓ | ✓ | | | ✓ | ✓ | | ✓ | |
| Other powers (Please describe) | | | | | | | ✓ | | | ✓ | |

CA CITT (Canadian International Trade Tribunal) - a quasi-judicial body for Canadian procurement inquiries

UK The SSRO has other statutory functions which are not covered above

| c. Overseeing compliance | AU | BE | CA | DE | DK | ESA | FR | NL | NO | UK | US |
|--|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Agreeing contract prices | | | | ✓ | | | | | | | ✓ |
| Issuing guidance on contract pricing | | | | ✓ | | | | ✓ | | ✓ | |
| Recommending or determining parameters to be used in contract pricing, for example, profit rates | | | | ✓ | | | ✓ | | ✓ | ✓ | |
| Auditing compliance with the rules | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Taking enforcement action in cases of non-compliance with the rules | ✓ | ✓ | | ✓ | | ✓ | | ✓ | | | ✓ |
| Accessing or requiring information to be provided | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Arbitration on disputes about application of the rules | | | ✓ | | | ✓ | | ✓ | | ✓ | ✓ |
| Licensing of single source suppliers | | | | | | | | | | | |
| Investigations or research studies | ✓ | | ✓ | ✓ | | | ✓ | ✓ | | ✓ | ✓ |
| Other powers (Please describe) | | | | | | | | | | ✓ | |

UK The SSRO has other statutory functions which are not covered above

4. Single source contract pricing

This section addresses the methods used to determine the price of single source contracts and the factors considered in pricing decisions.

4.1 What contract pricing methods may be used to determine the price of a single source contract? (Tick all that apply)

| Contract pricing methods | AU | BE | CA | DE | DK | ESA | FR | NL | NO | UK | US |
|---|---|----|----|----|----|-----|----|----|----|----|----|
| Firm pricing – based on estimated allowable costs plus a percentage profit mark-up | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fixed pricing – based on estimated allowable costs that may be adjusted through indexation plus a percentage profit mark-up | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Volume-based pricing – based on firm or fixed unit prices applied to an actual amount of units | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Target pricing – based on a firm or fixed price that is adjusted at contract completion with reference to the actual allowable costs incurred | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fixed-fee pricing – based on actual allowable costs incurred plus a fixed amount of profit | ✓ | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cost-plus pricing – based on actual allowable costs plus a percentage profit mark-up | ✓ | | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ |
| Other (Please describe) | ✓ | | | | | | | | ✓ | ✓ | |
| AU | Pricing methods are developed with many determinants; single source contracts may use any of the above pricing methods. | | | | | | | | | | |
| NO | Contract with incentive. | | | | | | | | | | |
| UK | From 1 April 2024, it has been possible to price qualifying defence contracts, or components of them, using one or a combination of seven alternative pricing methods. The alternative pricing methods are commercial pricing; prices determined in accordance with laws; previously agreed price; novated contract price; competed rates applied to uncompleted volumes; agreed changes to the contract profit rate; and aggregation of components. The SSRO provides guidance on how these methods should be applied. | | | | | | | | | | |
| US | No restriction on contract type | | | | | | | | | | |

4.2 Which are the most commonly used pricing methods for single source contracts:

- a. by number of contracts; and
- b. by total value of contracts.

| | a. by number of contracts | b. by total value of contracts |
|------------|---|--|
| AU | This information is not available | This information is not available |
| BE | Fixed Pricing | - |
| CA | Pricing methods for single source contracts are mainly driven by assets utilisation from the contractor dedicated to the contract, by the costing structure (direct, overhead, direct labour...) and by the risk related to the contract basis of payment as detailed in PSPC profit policy/guidance. | |
| | <ul style="list-style-type: none"> Multi-Bases of Payment: 51% Cost Reimbursable: 3% Firm/Fixed Price: 44% Target Price: 2% <p>The figures above are a weighted average based on data from 2020-2025</p> | <ul style="list-style-type: none"> Multi-Bases of Payment: 71% Cost Reimbursable: 5% Firm/Fixed Price: 23% Target Price: 1% <p>The figures above are a weighted average based on data from 2020-2025</p> |
| DE | German "Selbstkostenfestpreis" (Fixed Price) | German "Selbstkostenfestpreis" (Fixed Price) |
| DK | Volume-based pricing | Cost-plus pricing |
| ESA | Fixed pricing | Fixed pricing |
| FR | No data available | >90% fixed pricing ;<10% other methods |
| NL | Fixed pricing | Fixed pricing |
| NO | Firm price | Fixed price |
| UK | Firm and cost-plus are the two most commonly used default pricing methods by number. | Firm and cost-plus are the two most commonly used default pricing methods by value. |
| US | This information is not readily available to be able to provide. | This information is not readily available to be able to provide. |

4.3 For contracts priced on the basis of allowable costs and a profit mark-up...

- a. ...who determines whether costs claimed by the contractor are allowable?

| | |
|------------|---|
| AU | Defence has its own allowable cost guidance, the Defence Cost Principles. These may be applicable through the inclusion of specific clauses in contracts. The Defence Cost Principles are maintained by Commercial Division within the Capability Acquisition and Sustainment Group in Defence. Commercial includes the Commercial & Financial Analysis (CFA) directorate that provides specific advice on the Cost Principles. |
| BE | Contract documents list unallowable costs the price auditor verifies. Apart from that, the procurement agent will do their own analysis. |
| CA | While the Contracting Authority is responsible for validating direct costs, they may consult the Price Advisory Group (PAG) within PSPC when there is uncertainty regarding whether certain costs are already captured within the established overhead rate. This collaboration helps ensure cost accuracy and prevents potential double-billing. |
| DE | Price auditor. But not all contracts need to be investigated (complex vs. easy cases). If not investigated, then price negotiator. |
| DK | The contract cost auditor determines allowability, based on DALO guidance. |
| ESA | The Tender Evaluation Board that has been appointed for the respective procurement action. |
| FR | The buyer. |

| | |
|-----------|--|
| NL | CA CGAS provides advice based on findings with reference to fair and reasonable pricing methodology based on business economic principles, good business practice and consistent code of conduct. |
| NO | CAS |
| UK | For the purpose of pricing a qualifying defence contract or component, the Defence Reform Act 2014 requires the UK Ministry of Defence and the primary contractor to be satisfied that particular costs meet the requirements of allowable costs under section 20(2) (a) to (c) of the Act, having had regard to SSRO guidance. In the case of a qualifying sub-contract, it is the MOD and the sub-contractor who must be satisfied that particular costs meet the requirements of allowable costs. |
| US | DCAA performs an audit to determine allowability but Contracting Officers (COs) make the final determination. |

b. ...what factors must be taken into account in deciding whether a cost is allowable? (For example, the extent to which the cost enables performance of the contract.)

| | |
|------------|---|
| AU | The Cost must be Appropriate, Attributable and Reasonable. Forward Rates Agreement determines cost recovery rates between CASG and the contractor for use in single source agreements. These estimated rates must be consistent with the Cost Principles. |
| BE | - |
| CA | Overriding considerations are whether the costs are attributable, appropriate, and reasonable in relation to the contract. Direct costs are validated by the Contracting Authority, while indirect costs are reviewed and validated by the Price Advisory Group (PAG) of PSPC. |
| DE | <ul style="list-style-type: none"> • Principle of reasonableness ("Angemessenheit"). • Principle of allocability ("Verursachungsgerechtigkeit"). • Principle of economic management ("wirtschaftliches Handeln / wirtschaftliche Betriebsführung"). • Compliance with statutory cost pricing guidelines "LSP". |
| DK | To be accepted as an allowable cost to the contract it must be: <ul style="list-style-type: none"> • necessary for the performance of the contract deliverables • a reasonable amount • based on consistent cost allocation principles • in accordance with the contract, including any supplementary stipulations with regard to allowability of costs |
| ESA | Allowable costs must meet the criteria as outlined in the General Clauses and Conditions for ESA contracts. |
| FR | The regulation determines which costs are allowable. |
| NL | Business economic principles, good business practice and consistent code of conduct. Legality, legitimacy and expediency of cost. |
| NO | NDAR is principle-based, offering a framework for defense acquisitions. CAS establishes best practices, providing standardized guidelines for cost accounting and ensuring consistency and compliance. |
| UK | The requirements of allowable costs are that the costs must be: <ol style="list-style-type: none"> a. Appropriate; b. Attributable to the contract or component; and c. Reasonable in the circumstances. |
| US | FAR Part 31 outlines requirements for a cost to be allowable. |

c. ...are there any particular types of costs which are not allowable? (For example, costs associated with re-work.)

| | |
|------------|---|
| AU | Yes, examples of unallowable costs are: bad and doubtful debts; alcohol; sponsorship of sporting teams/events; entertainment; donations to political parties / foundations; costs incurred in hedging foreign exchange risk; incorporation or amalgamation costs; litigation; losses incurred in business activities; taxes assessed on profit or income. |
| BE | We have a list of 22 non allowables. |
| CA | Non allowable costs are explicitly identified in PSPC Contract Cost Principles 1031-2. |
| DE | Cost associated to the financial scope of the contractor, e.g.: <ul style="list-style-type: none"> • Interests paid on bank loans • Corporate income tax • Non-operating expenses • Expenses unrelated to accounting period • Restrictions on other cost types, e.g. advertising costs. |
| DK | DALO has established a list of particular cost types that are generally non-allowable unless otherwise agreed: <ul style="list-style-type: none"> • Bid and proposal costs and other costs incurred before contract signature • Depreciations on assets exceeding the historical costs • Depreciations on Goodwill • Marketing costs not required by contract • Fines, compensations, and legal fees in this connection • Entertainment and lobbying cost etc. Furthermore, interest costs and/or calculated cost of servicing capital invested in e.g. plant, equipment and stocks are not to be in the costs but are to be covered by the agreed profit rate (see below). |
| ESA | Not allowable costs are clearly defined in the Clauses and Conditions for ESA contracts. |
| FR | Yes, profit-sharing and incentive schemes. |
| NL | No rules or regulations thus no assurance (allowable cost) but advice based on findings. |
| NO | Costs that: <ol style="list-style-type: none"> a. represent a hidden gain; b. are assumed to be covered within the framework of the contractually agreed gain; c. represent a non-operationally necessary cost; d. are to be allocated to other cost bearers (other contracts and similar); and e. are fully or partially covered by other public agencies/schemes. |
| UK | Entertainment costs are the only type of cost which will never be allowable in a qualifying defence contract. Judgement needs to be exercised in relation to all other cost types as to whether they meet the requirements of allowable costs. The SSRO provides guidance to assist the contracting authority and the contractor to apply their judgement with regard to the particular circumstances. |
| US | Yes, unallowable costs are outlined in FAR Part 31. |

d. ...who determines the profit mark-up on allowable costs?

| | |
|------------|---|
| AU | The Defence Profit Principles is the guidance document that guides profit mark-up for non-competitive contracts / tenders. Ultimately project delegates can determine margins but are accountable for the value for money of the arrangement. |
| BE | Contractual clauses state a maximum profit markup of 9%. |
| CA | Profit mark-up is applied to both direct and indirect allowable costs. Canada has a clearly defined profit policy that is accessible to contractors and forms part of the negotiation process during contract formation. Determination of profit is the responsibility of the Contracting Authority; however, the Price Advisory Group (PAG) within PSPC is frequently consulted to support consistency and alignment with departmental guidelines. |
| DE | The amount of profit / profit mark-up has to be contractually agreed. For defence contracts, profit is usually determined according to the so-called "Bonn Formula". |
| DK | The profit mark-up is negotiable, case by case, within some general limitation. |
| ESA | The ESA profit policy defines the profit level that applies to ESA contracts. This policy has been approved by the ESA Council. |
| FR | The buyer. |
| NL | Discretion is applied throughout the Netherlands pricing practices. Generally, fairness and reasonableness would be considered for all the costs, surcharges and profit margin of a contract and negotiable with the contractor. Profit mark-up is part of negotiations between parties (unless excessive based on benchmark). |
| NO | CAS recommends the profit mark-up, while procurement authorities negotiate these terms during the acquisition process. |
| UK | <p>A profit mark-up is applied to allowable costs where a qualifying defence contract or component is being priced using the default pricing methods. The contract profit rate must be determined using a four-step process. The profit rate calculation will be proposed by the contractor and agreed with the UK Ministry of Defence or contracting authority in the case of qualifying sub-contracts. The contract profit rate applies at the agreed rate for the life of the contract or component and is not affected by future changes in the baseline profit rates or capital servicing rates, unless an amendment is made in respect of which these rates differ.</p> <p>Where the alternative pricing methods are used, in most cases there will not be a profit mark-up on allowable costs.</p> |
| US | Contracting Officer negotiates with Contractor. |

e. ...what factors must be taken into account in determining the profit mark-up on allowable costs? (For example, the type of activity being performed; financial risk)

| | |
|-----------|---|
| AU | <p>Contractual Risk – (this includes the type of pricing method i.e. lower mark up for Cost Plus, higher mark up for Firm Price)</p> <p>Activity Risk – (the type of contract, i.e. higher mark-up for Acquisition particularly where development and design is required, lower mark-up for sustainment contracts)</p> <p>General Business Risk – (the type of cost category – higher for labour costs, lower for material and subcontractors)</p> <p>In addition to the risk categories, consideration is given to what amounts are already allocated to management reserves and other cost contingencies.</p> |
| BE | <p>Risk is split into general risk (any company experiences this type of risk) and project-specific risk. General risk should be part of the profit margin, specific risk is audited and can be accepted as a cost.</p> |

| | |
|------------|---|
| CA | <p>The profit takes into consideration the following items:</p> <ul style="list-style-type: none"> • Return on Capital Employed (fixed assets utilization and cash flow) • General Business Risk (material, ODC, OH...) • Contractual Risk (depending on the basis of payment) |
| DE | $G = 0,05 * \left(Q + 1,5 * \frac{BNAV}{BNV} \right) * E + 0,01 * F$ <p>Q = Qualification Factor, depends on the type of activity being performed: 0,7 = e.g. repair & overhaul, 1,05 = e.g. procurement of physical goods, 1,1 = e.g. R&D.</p> <p>E = own work, F = external services, subcontracts, material.</p> <p>BNAV/BNV = intensity of investment (ratio of fixed operating assets to total operating assets).</p> |
| DK | <p>When determining the profit rate case by case a number of factors are taken into consideration e.g.:</p> <ul style="list-style-type: none"> • The type of deliverable, i.e. “off the shelf” vs. development directly for DALO • Type of contract and contract risk allocation between the supplier and DALO <p>Furthermore, the Supplier’s interest costs and/or cost of servicing capital invested in, e.g., plant, equipment stocks required for the performance of the contract are taken into consideration when setting the profit rate.</p> |
| ESA | The profit rate is determined taking into account two types of risks: contractual risk (contract price type) and complexity risk. |
| FR | Share of supplies and subcontracts, complexity, risk. |
| NL | See 4.3.d: Profit mark-up is part of negotiations between parties (unless excessive based on benchmark). Factors taken into account are type of contract, activity, product and general risk. |
| NO | The calculation is determined by factors such as the operationally necessary interest-bearing capital, the type of contract, the product type (whether it is custom production or off-the-shelf items), and the duration of the contract. |
| UK | <p>The following factors must be taken into account where the default pricing methods have been used to price a contract or component:</p> <ol style="list-style-type: none"> a. The financial risks to the primary contractor of entering into the contract or component and the pricing method used must be taken into account when determining the cost risk adjustment. b. Any particular financial incentive as regards the performance of provisions of the contract or component may be considered to result in an increase to the profit mark-up up to a maximum of two percentage points. c. To ensure that the primary contractor receives an appropriate and reasonable return on the fixed and working capital employed by the primary contractor for the purposes of enabling the primary contractor to perform the contract or component an adjustment to the profit rate can be agreed. |
| US | Type of contract, activity, and several other factors outlined in FAR Part 15 the Contracting Officer needs to take into consideration (for example, contractor effort, contract cost risk, Federal socio-economic programs, capital investments, cost-control and other past accomplishments and independent development). |

f. ...is profit payable on any allowable costs incurred by the contractor which relate to sub-contracts it has entered into to perform the contract?

| | Yes | No | Details |
|-----|-----|----|---|
| AU | ✓ | | |
| BE | ✓ | | |
| CA | ✓ | | It must be noted that transactions between related parties have specific guidance for profit. |
| DE | ✓ | | 1% profit is payable on costs which relate to sub-contracts. |
| DK | ✓ | ✓ | Yes – Profit can be applied to sub-contracts for deliverables required in the contractor performance of the contract, however profit cannot be applied to Supplier’s own license and royalty costs. No – Profit cannot be applied to Supplier’s sub-contracting from a company with which the Supplier is affiliated, or in which the Supplier holds a majority of the voting rights, or vice versa, unless the prices can be proven to be established on fully competitive terms. |
| ESA | | ✓ | |
| FR | ✓ | | |
| NL | | ✓ | |
| NO | ✓ | | |
| UK | ✓ | | Where these sub-contracts are being delivered within the group of companies awarded the primary contract, an adjustment must be made to the allowable costs of the primary contract to ensure that profit is not earned more than once within the group. |
| US | ✓ | | |

g. ...is there a minimum or maximum percentage profit mark-up that can be agreed when pricing a single source contract?

| | Minimum percentage | | | Maximum percentage | | |
|----|--------------------|--------|----------------------------------|--------------------|--------|---|
| | Yes/No | Amount | Comments | Yes/No | Amount | Comments |
| AU | No | | - | No | | - |
| BE | - | - | - | Yes | 9% | - |
| CA | No | | - | Yes | 16% | While 16% is the maximum allowable profit, average calculated and negotiated profits tend to range from 11% to 14% for firm price arrangements, and from 6% to 8.5% if a cost-plus basis of payment is selected. |
| DE | Yes | | See “Bonn Formula” above (4.3.e) | Yes | | See “Bonn Formula” above (4.3.e). Please note: If the contractor is an outstanding top-performer LSP No. 51 theoretically allows to pay an additional performance-based profit mark-up. In practice, this rarely happens. |

| | Minimum percentage | | | Maximum percentage | | |
|------------|--------------------|--------|---|--------------------|--------|---|
| | Yes/ No | Amount | Comments | Yes/ No | Amount | Comments |
| DK | No | | - | Yes | 12% | Extraordinary max: 17% |
| ESA | Yes | 0% | - | Yes | 9% | - |
| FR | No | | - | No | | - |
| NL | No | | - | No | | - |
| NO | Yes | 2% | Calculated based on the operationally necessary interest-bearing capital, not the total contract amount. | Yes | 17.5% | Calculated based on the operationally necessary interest-bearing capital, not the total contract amount. |
| UK | No | | While there is no set minimum, the profit rate is bounded by the application of permitted adjustments to a fixed baseline profit rate set annually by the Secretary of State. | No | | While there is no set maximum, the profit rate is bounded by the application of permitted adjustments to a fixed baseline profit rate set annually by the Secretary of State. |
| US | | | 41 USC 3905 Provides limitations of fees on cost type contracts. | | | 41 USC 3905 Provides limitations of fees on cost type contracts. |

4.4 In what ways, if any, does the approach to contract pricing take account of profit layering, such as might occur if the contractor awards a sub-contract to a company in the same corporate group?

| | |
|------------|---|
| AU | Duplication of profits are not allowed where the subcontractor is a related party. Lower margins are included in the Profit Principles for subcontractor costs. |
| BE | We reserve the right to audit pricing of any subcontractor. |
| CA | Profit is calculated on the overall proposal, and it is the contractor's responsibility to allocate a portion of the allowable profit to any interrelated entities, as applicable. PSPC typically reviews the contractual agreements governing profit transfers between related parties to ensure compliance and transparency. For evaluation purposes, profit should be assessed as if the proposal was submitted by a single entity, with the distribution of profit among related parties managed at their discretion. In such cases, PSPC follows the guidance outlined in Section 10.55 (Transfer Pricing) of Chapter 10 of the Supply Manual to ensure appropriate treatment of intercompany transactions. |
| DE | BAAINBw includes a group clause ("Konzernklausel") in its contracts which states that profit is only granted once for services provided by companies in the same group. |
| DK | General examples of non-allowable profit layering include profit layering where: <ul style="list-style-type: none"> • Intracompany profits are contained in the price of sub-deliverables from other divisions or business units within the Supplier's company. • Intercompany profits contained in the price of sub-deliverables from a Sub-contractor with which the Supplier is affiliated or in which the Supplier holds the majority of the voting rights, or vice versa, however, unless the Supplier acquires the sub-deliverables based on price competition. |
| ESA | The profit rate is determined as a mark-up on the company's own allowable costs. Excluded from the calculation are Cost Without Additional Charges, Financial provision for escalation and sub-contractors price. |
| FR | Margin A (which is theoretically negotiated) does not apply to supplies and subcontracts. |

| | |
|-----------|---|
| NL | Layering of profit is not fair & reasonable and will be taken into account regarding the advice given to procurement. |
| NO | The regulations stipulate that profit should only be applied to the final party in the supply chain, the main supplier. |
| UK | Section 20(2A) of the Defence Reform Act 2014 provides for a reduction to the allowable costs under a qualifying defence contract or component of such a contract so as to ensure that profit arises only once in the allowable costs that relate to the price payable under any group sub-contract (including any further group sub-contract). The requirements of allowable costs may not be met where the cost arises from profits made by a person connected with the primary contractor. |
| US | Profit is not allowed on inter-related companies but would be applied to subcontract costs. |

4.5 Briefly describe any mechanisms by which the price of a single source contract that was based on a cost estimate can be adjusted after contract completion, for example, if the contractor's actual costs have varied from the estimated costs.

| | |
|-----------|--|
| AU | <p>This depends on the pricing method and would only relate to non-fixed pricing methods (i.e. 'Target pricing', 'Fixed-fee pricing', 'Cost-plus pricing').</p> <p>Contracts generally have mechanisms to undertake reviews or audits of actual costs and can include 'True-up' and Profit calculations to be applied for a contract price adjustment.</p> <p>Specific provisions within contracts may include:</p> <ul style="list-style-type: none"> • Price variation through indexation • Clauses for adjustments to cost estimates from changes to statutory requirements such as Work Health and Safety requirements and other employee conditions and entitlements (e.g. the Australian Government as increased the statutory superannuation or pension over the previous few years) • Standard clauses for material changes in scope • Postponement clauses where cost increases and schedule delays could not have been controlled and reasonably foreseen. <p>In summary the pricing methods such as cost-plus, fixed fee and target pricing will normally have standard clauses that allow for adjustment, while firm fixed pricing assumes that the contractor takes the risk of cost overruns but would include standard provisions for changes in scope.</p> |
| BE | Belgium does not perform audits after contract completion. When costs are irregular during the execution phase of a contract (a very high value PO), the procurement agent could request a separate audit. |
| CA | For fixed-price or firm-price contracts based on cost estimates, no post-award price adjustments are made. In contrast, for cost-reimbursable (cost-plus) contracts, material costs are reimbursed based on validated cost claims. Rates are established at the outset of the contract and may be adjusted, if necessary, through a formal contract audit process. In these cases, the department does not rely on cost estimates but rather on interim rates, which are subject to review and adjustment following negotiations on rates and profit. |
| DE | <p>If a preliminary (maximum limited) price is agreed, the price is adjusted in the course of the service provision (preliminary cost price -> "Selbstkostenrichtpreis") or after contract completion (Cost Reimbursement Price / Cost-plus).</p> <p>Another mechanism is to contractually agree a price variation clause or exchange rate clause.</p> <p>Adjustment of the contract based on § 313 BGB (disruption of the basis of the contract). This case rarely happens and requires a substantiated legal justification as well as detailed cost statements. Such a request should be addressed after conclusion of the contract and before its fulfilment.</p> |
| DK | For example when deliverables are acquired based on an Incentive contract with provision for share of cost underruns. |

| | |
|------------|--|
| ESA | Except for a cost-reimbursement type of contract, no adjustment can take place after contract completion. The Contractor takes the potential risk that actual costs exceed the contractually agreed price. |
| FR | No margin retrocession, target pricing, allowable cost statements, cost auditing (BEDC), application of a profit margin clause. |
| NL | <p>Conversion of maximum price contractually agreed with a percentage deduction on final invoice pending the outcome of the audit.</p> <p>Request for price compensation due to external factors where the contractor cannot be held responsible.</p> <p>Contractual agreement to perform a preliminary calculation and, after or close to completion, an audit on actual incurred cost. The delta can then be compensated.</p> |
| NO | The terms are contingent upon the type of contract. Additionally, the potential risk of bankruptcy is a key consideration in evaluating the overall agreement, particularly if the supplier has significantly exceeded the estimated costs. |
| UK | <p>The final price adjustment (FPA) provided for under section 21 of the Defence Reform Act 2014 allows the price of a qualifying defence contract or qualifying sub-contract to be increased or decreased following contract or component completion where certain conditions are met. Through the application of an FPA, a contractor's excess profits or losses arising from variances between the estimated and actual Allowable Costs of a qualifying contract can be shared between the contractor and the UK Ministry of Defence rather than being borne by only one or the other.</p> <p>The target cost incentive fee adjustment can apply in contracts which use the target pricing method. Essentially this is a pain- or gain-share mechanism agreed between the contracting authority and the contractor on a contract-by-contract basis.</p> |
| US | Depends on contract type, for Fixed Price contracts by operation of contract clauses providing Equitable Adjustment and contractor submitting a Request for Equitable Adjustment (REA). |

4.6 In what ways do the rules which apply to the pricing of single source contracts support achievement of the strategic aims described in 2.4 above?

| | |
|-----------|--|
| AU | <p>The Cost Principles provide a well-defined, standard and commercial approach to Defence contract costs, and provide greater understanding and clarity of what costs may be attributed to (cost recovered from) Defence contracts.</p> <p>The Profit Principles provide guidance in the determination of Defence contract pricing where market competition does not occur. This is achieved by setting a standard approach for the determination of a fair and reasonable profit for sole source procurement and to provide transparency and clarity to all stakeholders.</p> <p>The DSR and DIDS recognise that broader strategic aims of Defence will mean that single source contracts will need to be utilised. The CPRs include provisions for when a limited tender, including single source can be used and how they should be undertaken, with the aim of achieving value for money in the absence of competition.</p> <p>The Cost Principles and Profit Principles are the primary guidance documents that support single source pricing, however, clauses specific to contracts including open book cost audits and reviews also support the mitigation of financial risk.</p> |
| BE | - |
| CA | - |
| DE | Prices of such contracts are based on costs incurred or on fair and reasonable pre-calculated costs. Moreover, the profit of such defence contracts is usually calculated based on the Bonn formula. This formula is considered a fair compromise between the defence industry and the public contracting authority. |

| | |
|------------|---|
| DK | The rules ensure an improved basis for establishing fair and reasonable pricing where there is insufficient market competition. At the same time the application of the rules enables DALO documentation of fulfilling the Government requirement for always obtaining fair prices. |
| ESA | Not applicable since the Agency aims to use competitive tendering as much as possible. |
| FR | If there is a cost reference, fixed pricing is the rule; if not, then target pricing may be used. |
| NL | No rules or regulations thus no assurance (allowable cost) but advice based on findings. Generally, fairness and reasonableness would be considered for all the costs, surcharges and profit margin of a contract and negotiable with the contractor. |
| NO | Development contracts can be entirely funded. |
| UK | The pricing controls applied to qualifying defence contracts aim to ensure value for money for the government and a fair and reasonable price is paid to contractors. Changes were made to the Single Source Contract Regulations in April 2024 to allow cross-government contracts substantially for defence purposes to also be subject to these price controls. This means that more government expenditure can be controlled in this way to achieve these aims. |
| US | Rules are the same for all contracting activities. |

4.7 In what ways, if any, do the rules for single source contract pricing support and encourage...

a. ...appropriate risk sharing between the public procurement agency and its suppliers?

| | |
|------------|---|
| AU | Risk sharing is primarily addressed via the contract itself (through the pricing method and other means). The Cost and Profit Principles facilitate appropriate risk mitigation through enhanced transparency of costs, and appropriately awarding contractors with profit commensurate with risk. |
| BE | As stated above, we differentiate between general and specific risk. |
| CA | The principles governing single-source contract pricing support appropriate risk sharing by allowing for the negotiation of fixed-price arrangements, wherein risk is implicitly shared between the Government of Canada and the supplier. Under fixed-price contracts, the supplier assumes responsibility for delivering the required outcomes within the agreed price, thereby absorbing certain performance and cost risks. In contrast, cost-reimbursable contracts tend to place the majority of financial risk on the government, as actual costs are reimbursed regardless of variances. The flexibility to select the appropriate pricing model enables the government to align risk allocation with the nature and complexity of the procurement. |
| DE | Via the choice of price types. If the costs are foreseeable, a fixed price shall be agreed and risk is shared equally between the contractors. For preliminary cost prices and cost reimbursement prices, usually a price ceiling / maximum price limitation is determined to reduce the risk of the public procurement agency. The profit calculation according to the Bonn Formula also takes into account the contractor's risk via the Q-factor. |
| DK | The decision on which type of contract to use and the contract risk sharing is not dependent on the single source contract regulation. |
| ESA | Not applicable. |
| FR | Clarification on the debate on costs and profit margins, price adjustments with regard to major risks. |
| NL | N/A on CA CGAS level or part of scope audits. |
| NO | In a fixed price contract, the aim is for the supplier to bear as much of the risk as possible. However, we reserve the option to assume up to the entire risk if the supplier is unable to bear it themselves. This is again determined by the type of contract. |
| UK | The selection of pricing methods used to price qualifying defence contracts allows the contracting authority and contractors to agree the most appropriate risk sharing arrangements. The final price adjustment and target cost incentive fee adjustment are also mechanisms to assist with the management of risk. (See 4.5 above). |
| US | Depends on contract type. |

b. ...faster, simpler procurement of goods, works and services?

| | |
|------------|---|
| AU | The Cost and Profit Principles both provide frameworks that provide guidance to both Defence and Industry, enabling consistency and a streamlined approach to costing and pricing. Support programmes such as The Forward Rates Agreement programme enhances efficiency, as key contractors cost recovery rates are only investigated and agreed once per year based on company-wide audits. |
| BE | - |
| CA | This exists particularly when there is an established and collaborative relationship between the government and the supplier. Although challenging to truly make procurement of large sole-source contracts quicker and simpler, streamlined negotiations and reduced administrative burden can occur in cases where the supplier has a proven track record and familiarity with government requirements. |
| DE | These are not the main goals of VO PR Nr. 30/53 and LSP. |
| DK | The rules aim at getting reasonable prices and do not aim at ensuring faster and simpler procurement. |
| ESA | Not applicable. |
| FR | N/A – mostly due to industrial policy. |
| NL | N/A on CA CGAS level or part of scope audits. |
| NO | In theory, this is the intended structure, but in practice, it proves challenging to implement any measures to a simpler procurement. |
| UK | As the Single Source Contract Regulations have been in place for over ten years there should be greater familiarity with them which should mean the single source procurement process is simple and faster than might otherwise have been the case. |
| US | Depends on value of contract. |

c. ...variety and resilience in the supply chains for single source contracts?

| | |
|------------|---|
| AU | While the Defence Policy for Industry Participation 2019 (DPIP) and DIDS promote where appropriate maximising the Sovereign Industrial Base there are no specific contract pricing rules that are related to single source procurement. Value for Money determination under the CPRs may allow premiums paid to promote supply chain resilience and investment. This will be based on the assessment criteria for the engagement. |
| BE | - |
| CA | Single source contracting can limit supply chain diversity and resilience by discouraging competition when outcomes are perceived as predetermined. However, for incumbent suppliers, it can enhance stability and encourage long-term investment, contributing to supply chain robustness. |
| DE | These are not the main goals of VO PR Nr. 30/53 and LSP. |
| DK | - |
| ESA | Not applicable. |
| FR | N/A – mostly due to industrial policy. |
| NL | N/A on CA CGAS level or part of scope audits. |
| NO | The framework allows for the prioritization of national suppliers. The option to select a supplier who may not be price-competitive helps ensure a broader pool of suppliers. Additionally, we have the flexibility to specify which subcontractors should be used. |
| UK | Contractors with qualifying defence contracts provide information about who they are sub-contracting with so we can see that there are a variety of sub-contractors but they are not required to comment on their resilience. This information would be collected by the Ministry of Defence outside of the regulatory framework. |
| US | - |

d. ...private sector investment in the development of defence capability?

| | |
|------------|---|
| AU | While the Defence Policy for Industry Participation 2019 (DPIP) and DIDS promote where appropriate maximising the Sovereign Industrial Base there are no specific contract pricing rules that are related to single source procurement. Value for Money determination under the CPRs may allow premiums to be paid to promote supply chain resilience and investment. This will be based on the assessment criteria for the engagement. |
| BE | - |
| CA | Investments made by private sector companies have the potential to see returns quickly, as the competition, and by relation contracts will be limited at the onset. |
| DE | The rules provide for fair profits and fair risk sharing. |
| DK | Private sector willingness to invest is dependent on the estimated return on the investment rather than rules. |
| ESA | Not applicable. |
| FR | N/A |
| NL | N/A on CA CGAS level or part of scope audits. |
| NO | We significantly reduce the company's risk by not necessarily requiring price competitiveness. Additionally, provides the supplier with the opportunity to generate profit through exports. |
| UK | Investment by the private sector in defence capability is not a factor which impacts on the regulatory framework. However, as part of its work on profit the SSRO looks at rates of returns which can be achieved from investment in the defence sector. |
| US | - |

e. ...economic growth, environmental sustainability or other social policy objectives?

| | |
|------------|--|
| AU | - |
| BE | - |
| CA | Sole-source contracting limits open competition, thereby narrowing supplier selection. However, this approach can support socio-economic objectives by enabling the selection of suppliers that could contribute to domestic economic development. |
| DE | The rules support general price stability and prudent public spending. |
| DK | The rules may ensure a more efficient use of public funds. |
| ESA | Not applicable. |
| FR | N/A |
| NL | N/A on CA CGAS level or part of scope audits. |
| NO | Selecting national actors contributes to economic growth and development and ensuring the national defence industry. |
| UK | The Ministry of Defence has policies on social value, prosperity and growth but these do not impact the regulatory framework. |
| US | - |

5. Use of data on single source contract pricing

This section describes the types of data required from contractors and how this data is used by regulatory and audit agencies.

5.1 What type of data, if any, are the holders of single source contracts required to provide about their contracts?

| | |
|------------|---|
| AU | Depending on the various factors of the contract itself, this may contain a range of regulatory compliance items (e.g., Australian Industry Content requirements). From a cost and pricing perspective, one of the key data requirements relates to cost-incurred audits and other cost reviews. Contractors are required to provide 'open book' access to facilitate such reviews. |
| BE | In case a price audit is requested, we apply a contractual annex that explains the way we audit. We use a cost-plus approach where we identify all direct and indirect costs, we audit margins and risk. |
| CA | <ul style="list-style-type: none"> • Basic contract information – contractor's name; legal entity information; subcontractor information if applicable; • Cost and pricing data for negotiation and follow-up – financial statements; detailed cost breakdowns, including labour rates, materials costs, overhead, etc.; billing and payment records; profit rate calculations; • Certifications and attestations – compliance with government security; ethical standards. |
| DE | The contracting company needs to provide all data to the customer/auditors that is relevant for assessing the appropriate price. |
| DK | Relevant cost data needed to assess the reasonableness of the pricing. |
| ESA | Contractors are required to provide a detailed proposal but there are no requirements to provide further financial data once the contract is signed. |
| FR | During contract performance: any information on costs of subcontracts, discussed with the buyer. |
| NL | Financial obligations are captured in SAP platform. Contract information is registered in specific procurement software. Specific terms and conditions on case-by-case basis negotiated and managed by Procurement and Contract Management (COMMIT) |
| NO | All relevant data pertaining to auditing is assessed, and CAS determines the applicability of this information. |
| UK | The Single Source Contract Regulations (Part 5) are prescriptive about the data which contractors have to provide about contracts as they are being delivered and after contract completion. More regular reporting of data is required from contractors who have contracts with a value over £50 million. The SSRO provides guidance on what data needs to be provided and a reporting system to assist contractors in being able to meet their reporting obligations. Part 6 of the Regulations require some contractors to provide reports about their overheads, strategic capacity and use of small and medium-sized enterprises (SMEs). In addition to this statutory information, contractors may be required to provide other information to the Ministry of Defence to assist with pricing and management of individual contracts. |
| US | Depends on contract type but generally cost accounting data. |

5.2 How is the data provided?

| | |
|------------|--|
| AU | Electronically (email / file sharing portal or system), face to face, hard copy. |
| BE | It depends. |
| CA | Through contract submissions (SAP Ariba, EPS), standard procurement tools/templates, correspondence, upon requests in the negotiation process and follow up. |
| DE | Usually electronically; depending on the level of confidentiality: access to data on-site. |
| DK | Data is typically provided during the DALO audit/review. |
| ESA | Not applicable. |
| FR | Documentary evidence check including on company premises. |
| NL | See 5.1. |
| NO | Electronic formats are primarily used, with physical formats rarely employed |
| UK | The data is provided in a web enabled reporting system called the Defence Contract Analysis and Reporting System (DefCARS). One of the strategic reports (the Strategic Industry Capacity report) is provided outside of DefCARS due to its sensitivity. Other data required by the Ministry of Defence's Cost Assurance and Analysis Service, to audit company pricing information like cost recovery rates, will be submitted through a secure portal or by email. |
| US | Data is provided as outlined in contract terms but generally in electronic format. |

5.3 To whom is the data provided?

| | |
|------------|--|
| AU | Cost and pricing data is provided to the programme delegate, who may request data is sent to specific Commonwealth officers. |
| BE | The Price Audit Desk. |
| CA | <ul style="list-style-type: none"> • PSPC – contracting officers, price advisors, auditors • Client departments • TBS (Treasury Board of Canada Secretariat) • Office of the Procurement Ombudsman (OPO) • Office of Auditor General (OAG) • Public accounts – contracts (\$10,000 and over) as a summary of procurement |
| DE | To the responsible auditors. |
| DK | Data is provided to the DALO auditor. |
| ESA | Not applicable. |
| FR | BEDC (Cost audit office) – buyers. |
| NL | See 5.1. |
| NO | The data is exclusively allocated to CAS. |
| UK | The data is provided to the UK Ministry of Defence and the SSRO. |
| US | Provided to contracting office and DCAA. |

5.4 How is the data currently being used by regulatory and/or contract cost audit agencies?

| | |
|------------|--|
| AU | Used for the purpose for which the data was requested, i.e., the contract cost audit or review, to inform cost outcomes and contract progress. Data may be requested by the Australian National Audit Office (ANAO), as part of their broader remit of functioning as the national auditor for the Parliament of Australia and Government of Australia. The ANAO will use the data to inform their findings for their particular area of audit focus. |
| BE | We are bound by a legal clause to treat any information as commercial sensitive. Sometimes we sign an NDA. |
| CA | <ul style="list-style-type: none"> • TBS uses aggregated data to assess policy compliance; statistics • Contracting officers use data to manage contracts, performing monitoring and reporting • PSPC price advisors uses cost and pricing data to negotiate contracts • OPO analyses data from compliance, complaints or practice reviews to assess fairness, openness, and transparency, publishing findings and recommendations • The OAG audits single-source contract data to evaluate financial stewardship, compliance with regulations, and identify overpayments or irregularities |
| DE | The data is used only for the purpose of the respective audit. |
| DK | Data provided to the auditor during audit in support of the pricing is treated commercially confidential and with only the DALO auditor having access to such data in connection with the review. |
| ESA | Not applicable. |
| FR | To determine costs which are strictly linked to contract performance and establish baseline industrial costs. |
| NL | See 5.1. |
| NO | They are adjusted to align with the “Price Specification” and also serve as audit evidence to support the audit process. |
| UK | The data is being used by the Ministry of Defence to manage qualifying defence contracts, to benchmark data and to inform future single source defence procurement. Data is also used by the Ministry of Defence to audit company cost recovery rates used in the pricing of contracts. |
| US | Data not collected centrally but generally requested and used in respective audits. |

5.5 To what extent is data about single source contracts made public to provide transparency about public spending? (Please provide links to any examples of published data)

| | |
|-----------|--|
| AU | <p>AusTender publishes information on Australian Government procurement contracts, including those awarded to single sources (see Contract Notice by Procurement Method https://www.tenders.gov.au/Reports/CnProcurementMethodForm). Includes suppliers, descriptions, dates, values.</p> <p>All contracts with a value greater than \$AUD10,000 are required to be reported on AusTender. Please note that while single source is now required to be reported on AusTender, this has only been in recent months. Single source arrangements were previously reported as limited tenders.</p> |
| BE | Price Data is not made public, we are bound by secrecy. |
| CA | <ul style="list-style-type: none"> • Advance Contract Award Notice (ACAN) - a public notice indicating to the supplier community that a department or agency intends to award a good, service or construction contract to a pre-identified supplier, believed to be the only one capable of performing the work, thereby allowing other suppliers to signal their interest in bidding by submitting a statement of capabilities. • Value of contracts, amendments, contract duration, basic contractor information • Public accounts reporting contracts (\$10,000 and over) |
| DE | Not published. |
| DK | - |

| | |
|------------|--|
| ESA | Not applicable. |
| FR | Confidential within the industry and restricted FR circulation. |
| NL | See 5.1. |
| NO | <p>All data issued from the supplier to CAS is graded except from public as a minimum as the usually are company confidential.</p> <p>Public announcements are issued at http://www.Doffin.no.</p> |
| UK | <p>The SSRO publishes quarterly and annual statistics on the contracts which are subject to the regulatory framework. This information is at an aggregated level and it is not possible to identify any individual contract from it. The Ministry Defence uses a public website called Contracts Finder to ensure there is transparency about contract awards.</p> |
| US | Justification made public after contract award. |

6. Opportunities for improvement

This section addresses ways to enhance the approach to single source contract pricing to better support risk sharing, procurement efficiency, supply chain resilience and other objectives.

6.1 In what ways, if any, might the approach to single source contract pricing better support and encourage...

a. ...appropriate risk sharing between the public procurement agency and its suppliers?

| | |
|------------|---|
| AU | Defence Cost and Profit Principles in single source procurement enable greater transparency and certainty. Improvement in the currency of documents, understanding at an enterprise level and application in practice would enable both Defence and Industry to understand and therefore share risk more equitably. Currently consolidated reporting of single source arrangements is limited and there remains an opportunity for Defence to better inform itself through evidence-based baselining and benchmarking of single source arrangements |
| BE | We would welcome a more detailed set of rules on risk sharing. |
| CA | Clarifying and better understanding the definition of contractual risk would support more consistent departmental practices. Current procurement processes often rely on templates, which may not fully capture or communicate the range of risks associated with specific contracts. To address this, the department is considering developing reference materials such as scenario-based guidance documents and targeted training modules and support services to enhance understanding and evaluation of risk-related clauses, particularly those of higher complexity and magnitude, including limitation of liability and indemnification. |
| DE | N/A |
| DK | The decision on which type of contract to use and the contract risk sharing is not dependent on the single source contract regulation. |
| ESA | Not applicable. |
| FR | N/A |
| NL | - |
| NO | Portfolio management. The ability to manage costs beyond the allocated funding. |
| UK | More risk-sharing options might be made available to the contracting parties but it is not possible to say what they might be. |
| US | - |

b. ...faster, simpler procurement of goods, works and services?

| | |
|-----------|---|
| AU | There are opportunities to simplify some of the pricing arrangements that are in place. With the absence of competition there is a natural inclination to focus on ensuring diligence in auditing cost. While this is alleviated for fixed cost and some outcomes-based arrangements, there remains opportunities to include pricing methods that can be evaluated and reviewed with less contract management overhead. As above, this will rely on Defence better informing itself on key single source metrics such as margins and overheads aligned to particular pricing methods. |
| BE | - |

| | |
|------------|---|
| CA | Challenges have been identified in the pricing of non-competitive (single source) contracts. The absence of standardized tools and templates may contribute to inconsistencies in the information received from suppliers. Implementing uniform documentation could help streamline submissions and improve comparability. Additionally, the department is working to enhance the use of market intelligence and pricing benchmarks and is currently building additional guidance on negotiation and strategies, particularly in non-competitive scenarios. |
| DE | N/A |
| DK | The rules aim at getting reasonable prices and do not aim at ensuring faster and simpler procurement. |
| ESA | Not applicable. |
| FR | N/A |
| NL | <ul style="list-style-type: none"> Recruit and invest in sufficient capacity, qualified, skilled and experienced personnel and free up sufficient funds and resources to conduct and execute procurement. Simplify procurement procedures, rules and regulations. Central help, support and information desk. Eliminate poor practice and individual kingdoms within the organisation and learn from and implement best practices. Invest in broad integrated (technical) infrastructure and data registration in order to improve support to and facilitating the procurement process. On top level integrate coordination and oversight for procurements for land, sea and air. |
| NO | Increase transparency regarding the elements included in the audit, thereby enabling post-signature auditing of the contract. |
| UK | Greater clarity is needed on what barriers exist which might prevent single source procurement from being a fast and simple process. |
| US | - |

c. ...variety and resilience in the supply chains for single source contracts?

| | |
|------------|--|
| AU | We currently do not have well developed rules or principles for developing single source pricing methods as they may relate to supply chain resilience and private sector investment. There are arrangements that are developed to promote these but they are more on an individual basis. |
| BE | - |
| CA | <p>Supply chain changes within non-competitive contracts have been observed to contribute to increased costs and potential delays in delivery. To mitigate these risks, the department could explore strategies to enhance supply chain resilience, such as identifying alternative sources or establishing contingency arrangements for critical goods and services.</p> <p>While building redundancy into supply chains may result in higher initial bids due to increased supplier effort and investment, it can also reduce vulnerability to disruptions and improve long-term reliability. A balanced approach to supply chain planning could support both operational continuity and value-for-money objectives.</p> |
| DE | N/A |
| DK | - |
| ESA | Not applicable. |
| FR | N/A |

| | |
|-----------|---|
| NL | <ul style="list-style-type: none"> • Strategic partnerships with private sector preferably national and international. • Assurance preferred supply of (raw) materials, parts and components to strategic partners. • Long-term investments plans and finance constructions for research, development and expansion facilities. • Tax benefits for national/EU strategic private partners. • Incentives and facilities to guarantee available skilled and qualified labour for the industry. |
| NO | Increased transparency in the awarding of single source contracts, coupled with enhanced collaboration between Norwegian Defence Research Establishment (FFI) and the industry. If we own the intellectual property, we can assume lower risk for the supplier developing the product. |
| UK | Delivery of qualifying defence contracts is often heavily reliant on the supply chain and therefore resilience within it would be something which needs to be protected. Sub-contractors need to be able to comply with the Regulations in a way which is not burdensome to them. |
| US | - |

d. ...private sector investment in the development of defence capability?

| | |
|------------|--|
| AU | We currently do not have well developed rules or principles for developing single source pricing methods as they may relate to supply chain resilience and private sector investment. There are arrangements that are developed to promote these but they are more on an individual basis. |
| BE | - |
| CA | Industrial Regional Benefits (IRB) and Industrial Technological Benefits (ITBs) exist however these are led by Innovation, Science and Economic Development (ISED) Canada. |
| DE | N/A |
| DK | Private sector willingness to invest is dependent on the estimated return on the investment rather than rules. |
| ESA | Not applicable. |
| FR | N/A |
| NL | See response to c. |
| NO | <p>Increased profit.</p> <p>Increase the extent to which costs for providing a bid are covered.</p> <p>Co-finance the development of production capacity.</p> <p>Guarantee a minimum investment commitment.</p> |
| UK | The SSRO will continue to demonstrate that the profits earned on single source defence contracts are fair and reasonable as well as comparable to other international jurisdictions. |
| US | - |

e. ...economic growth, environmental sustainability or other social policy objectives?

| | |
|------------|---|
| AU | - |
| BE | - |
| CA | Industrial and Technological Benefits (ITBs) in contracts can generate positive net economic impacts for Canada. ITBs support domestic industry development, innovation, and job creation, which can contribute to long-term economic growth and resilience. The program is designed for value generated through local investments, capability building, and supply chain diversification to offset any potential initial cost premiums over time, aligning with broader policy objectives such as economic sustainability and national security. |
| DE | N/A |
| DK | The rules may ensure a more efficient use of public funds. |
| ESA | Not applicable. |

| | |
|----|---|
| FR | N/A |
| NL | - |
| NO | No clear measures. |
| UK | The SSRO will seek to demonstrate that the Regulations are not a barrier to the achievement of growth and social policy objectives. |
| US | - |

6.2 Please give brief details of any planned changes to...

a. ...the rules which apply to single source contracts

| | |
|-----|--|
| AU | There is nothing specific at this stage. |
| BE | - |
| CA | No planned changes to note; however, with new government and new Secretary of State for Defence Procurement, this may change. |
| DE | Currently no major changes planned. |
| DK | Given the international situation DALO has provided the Procuring Officers with an expanded temporary opportunity to deviate from the general audit requirements in connection with single source contracts. |
| ESA | Not applicable. |
| FR | More target pricing. |
| NL | N/A |
| NO | ARF (Norwegian regulatory framework) is under development, and the specific changes to be implemented are not yet clear. |
| UK | A review of the Single Source Contract Regulations is expected to be undertaken by the UK Ministry of Defence. There have been changes which the UK Ministry of Defence have said they wanted to make which have not yet been implemented. These may form part of the upcoming review. |
| US | Currently there is a project to overhaul the FAR. |

b. ...guidance on the application of the rules

| | |
|-----|--|
| AU | In 2025, Australian Department of Defence will be updating the Profit Principles to ensure these reflect contemporary best practice for use in the determination of Defence contract pricing where market competition does not occur (the Principles provide guidance not regulation). The updated version will be informed by research (including comparison to international regulations/guidance) and a consultation process conducted with Defence Industry and internal Defence stakeholders. |
| BE | - |
| CA | No planned changes to note; however, with new government and new Secretary of State for Defence Procurement, this may change. |
| DE | Currently no major changes planned. |
| DK | There are no current planned changes. |
| ESA | Not applicable. |
| FR | Ministerial ruling concerning allowable costs. |
| NL | N/A |
| NO | Seminars are provided by/for FSI, the Defence and Security Industry. |
| UK | The SSRO continually keeps the guidance it provides to the UK Ministry of Defence and contractors under review and makes improvements where this is necessary. |
| US | - |

c. ...the approach to overseeing compliance with the rules

| | |
|------------|--|
| AU | There is nothing specific at this stage. |
| BE | - |
| CA | Contract Quality Assurance and Records Compliance Office updates its Procurement File Review Tool (PFRT) twice a year based on procurement policies (Supply Manual). If a change to policy happens, Contract Quality Assurance and Records Compliance Office will assess if the (PFRT) needs an update or not. |
| DE | Currently no major changes planned. |
| DK | There are no current planned changes. |
| ESA | Not applicable. |
| FR | Training and internal compliance in procurement services. |
| NL | N/A |
| NO | A shift in methodology, emphasizing continuous improvement. |
| UK | No planned changes. |
| US | - |

6.3 Briefly describe any use currently being made of artificial intelligence (AI) in the oversight of compliance with the rules for single source contracts.

| | |
|------------|---|
| AU | AI is not currently used. |
| BE | None. |
| CA | There is no use of AI in the oversight of compliance with the rules for single-source contracts. Compliance oversight is led by the Contract Quality Assurance and Records Compliance Office and its tool is available to all the buyers in the department. |
| DE | N/A |
| DK | AI is currently not used for this purpose, as the use of public available AI cannot be allowed for this purpose. |
| ESA | Not applicable. |
| FR | N/A |
| NL | N/A |
| NO | Recruiting personnel with the capabilities to adopt and apply such technologies as they are implemented. |
| UK | There is currently no use of artificial intelligence but that is not to say that it could not be used in the future. |
| US | AI is currently not used due to protection of proprietary data. |

6.4 In what ways, if any, might AI improve efficiency or effectiveness in the oversight of compliance with the rules for single source contracts?

| | |
|-----------|---|
| AU | Defence as part of its procurement reform is seeking more digitisation of which AI will be a consideration, however; this has not been considered in any depth at this stage. |
| BE | Quick (first) check to see if the rules are being followed. |
| CA | AI could allow for the detection of issues on a wider scale. This means that SAP Ariba (procurement software suite) would need to have an update to allow for AI. PSPC's Departmental Oversight Branch (DOB) is starting to use different Power BI and AI tools to detect global invoicing anomalies and issues (specifically in the overbilling/double billing area). They are expected to grow this over the next couple of years to detect issues of compliance to some financial contract terms in sole source and competitive areas. |
| DE | Might be analysed in future. |
| DK | Depends on the availability of internal AI. |

| | |
|------------|--|
| ESA | Not applicable. |
| FR | Currently under review. |
| NL | To be investigated in the future. Currently not applicable. |
| NO | AI is not yet used in the oversight of single source contracts, to my knowledge, but it holds strong potential to enhance the processes. It can support anomaly detection, automate data validation, and enable risk-based selection of contracts for review (when needed), thereby improving both efficiency and accuracy in compliance monitoring. |
| UK | Artificial intelligence could be used to review statutory report submissions or pricing proposals made by contractors to determine whether they are compliant with rules. |
| US | Evaluation and analysis of data supporting estimates in pricing proposals. |

6.5 In which areas of your organisation's work might there be opportunities for greater collaboration with other ICOP member organisations?

| | |
|------------|--|
| AU | Sharing in the development and promulgation of pricing and costing training materials (for example, material related to contract pricing methods). |
| BE | - |
| CA | Developing tools to better price sole-source contracts and challenge offers made by suppliers. There may be a level of detail in offers that we are missing which opens us more to resilience risks in the supply chain. |
| DE | Exchange of experiences, for instance concerning the following topics: <ul style="list-style-type: none"> • other nations' performance-based profit adjustment concepts (if applicable). • other nations' commercial usages concerning down payments and partial payments. |
| DK | With regard to single source contracting, there are opportunities for extended collaboration if national audit organisations are willing to, and allowed to, exchange relevant cost information on national industries. NATO has established "Guidelines for Mutual Provision of Contract Audit" which may be used as inspiration in this regard. |
| ESA | - |
| FR | Benchmarking, sharing best practices, promoting productivity gains. |
| NL | Uniform standard transparent rules and regulations EU wide. Joint purchasing to achieve benefits of scale and large quantities. Strive for standard common solutions and PoR for required products. |
| NO | Collaboration can be used to further reinforce our existing principles, particularly in shaping future policy frameworks. Moreover, exchange initiatives, such as secondments to ESA, are valuable tools for promoting mutual understanding, knowledge transfer, and strategic alignment. |
| UK | The development of pricing and reporting guidance are the two areas of the SSRO's work that lend themselves towards collaboration with other ICOP members. |
| US | - |

6.6 Please let us know if there is any other information you would like to share about the current approach to single source contracting and how this could be improved.

| | |
|------------|--|
| AU | - |
| BE | - |
| CA | <p>Sole source contracts can be very complex. It would be interesting to see with CMI (the GoC's Contract Modernization Initiative) if sole-source contracts have a lot of negotiation/edits and how they vary.</p> <p>In 2024, PSPC rolled out the Contract Negotiation Support Directorate (CNSD) support services. This team helps Acquisitions Program buyers develop the knowledge and skills required to negotiate increasingly complex contracts, including single source contracts. CNSD provides negotiation tools and templates to prepare for negotiations, as well as guidance (training and reference documents), business intelligence (vendor profiles) and coaching to support buyers to negotiate contracts, which often includes negotiating pricing terms. CNSD's business intelligence, advice and coaching focuses on determining negotiation technique, drawing out information, identifying interests, finding common ground, planning and navigating vendor push-back, recognizing and countering tactics used by the vendor (e.g., Anchor Bias) and planning Canada's leverage and best tactical approach for reaching a successful outcome. CNSD works alongside other support services within the GoC. CNSD does not help determine the reasonableness of costing, however, they support buyers needing to negotiate more favourable pricing terms when proposed costs exceed expectations.</p> |
| DE | N/A |
| DK | - |
| ESA | - |
| FR | Continuous sharing of best practices. |
| NL | N/A |
| NO | No further comments |
| UK | No further comments |
| US | - |

7. Contacts for further information

Further information on the single source contracting arrangements described in this document is available from the following sources.

| | Contact email | Website |
|-----|--|---|
| AU | steven.drozario@defence.gov.au | https://www.defence.gov.au/business-industry/procurement/policies-guidelines-templates |
| BE | Maarten.oyen@mil.be | www.mil.be |
| CA | Jason.Killoran@pwgsc-tpsgc.gc.ca (for coordinating purposes) | www.canada.ca/en/public-services-procurement.html |
| DE | BAAINBwT3.2@bundeswehr.org | https://www.bundeswehr.de/en/organisation/equipment |
| DK | leif.munk@live.dk | www.fmi.dk |
| ESA | - | https://doing-business.sso.esa.int/ |
| FR | remi.jozan@intradef.gouv.fr guillaume-j1.bigot@intradef.gouv.fr | www.defense.gouv.fr/dga |
| NL | Ga.strik@mindef.nl | www.defensie.nl/organisatie/commit |
| NO | Vaaland@mil.no | https://www.fma.no/en and/or https://www.fma.no/en/defence-industry-partners/contract-audit |
| UK | enquiries@ssro.gov.uk | www.ssro.gov.uk |
| US | Brandi.m.hall6.civ@mail.mil | www.dcaa.mil |

