



2026 REPORT OF THE AUDITOR GENERAL OF CANADA
TO THE PARLIAMENT OF CANADA

Ammunition for the Canadian Armed Forces



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

**INDEPENDENT
AUDITOR'S REPORT**

Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada (OAG) under the authority of the Auditor General Act.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected on the basis of their significance. While the OAG may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and OAG policies. They are conducted by qualified auditors who:

- establish audit objectives and criteria for the assessment of performance
- gather the evidence necessary to assess performance against the criteria
- report both positive and negative findings
- conclude against the established audit objectives
- make recommendations for improvement when there are significant differences between criteria and assessed performance

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

Cette publication est également offerte en français.

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At a Glance



Overall message

Overall, National Defence did not manage its ammunition to meet its regular-use and strategic stockpile needs. Public Services and Procurement Canada supported National Defence by procuring ammunition when requested. However, weaknesses in contract management, including not tracking and documenting reasons for frequent contract amendments, constrained ammunition restocking.

Regular-use ammunition supports routine activities: training, military exercises, active deployments, and testing. The strategic stockpile of ammunition is reserved for emergency scenarios such as combat operations. National Defence needs to have the right types and quantities of ammunition in inventory to maintain operational readiness. However, National Defence did not have reliable information or a comprehensive ammunition management program in place to support operational readiness decisions.

Averaged over the last 3 fiscal years, the Canadian Armed Forces groups—including the Canadian Army, the Royal Canadian Air Force, and the Royal Canadian Navy—used only 56% of regular-use ammunition that was assigned to them. National Defence did not assess why ammunition went unused to determine whether regular-use ammunition needs were accurately assessed against requirements, and what the impact was on operational readiness.

For the strategic stockpile, National Defence's assessment of the types and quantities of ammunition was not based on comprehensive analyses to demonstrate that all operational requirements had been considered. Significant gaps existed between required and actual inventory levels for strategic stockpile ammunition. Although National Defence has started replenishing the stockpile, continued attention over several years will be needed to address these gaps.

The challenge of meeting ammunition needs was compounded by persistent inventory data reliability issues and long purchasing timelines. Having reliable inventory information and achieving established targets for each type and quantity of ammunition are essential for military personnel to have access to the ammunition they need when called upon.

Key facts and findings



- National Defence's ammunition inventory was valued at \$2.5 billion as at March 31, 2025, and \$2.6 billion as at March 31, 2026.
- In 2024, the government dedicated \$9.2 billion over 13 years to increase the quantity of ammunition in the strategic stockpile. National Defence committed \$695 million of this funding in the 2025–26 fiscal year, but ammunition had yet to be received from these commitments for the strategic stockpile as at March 31, 2026.
- As at March 31, 2026, 31% of locations where National Defence holds ammunition inventory had not completed their required annual ammunition count, representing \$656 million in ammunition inventory overdue for counting.
- National Defence has various options to purchase ammunition, including the Munitions Supply Program, which supports domestic production by awarding non-competitive contracts to Canadian suppliers; the Foreign Military Sales Program, which allows eligible countries, including Canada, to purchase defence items and services from the United States; and competitive procurement processes that are open to suppliers in Canada and abroad.

See [**Recommendations and Responses**](#) at the end of this report.

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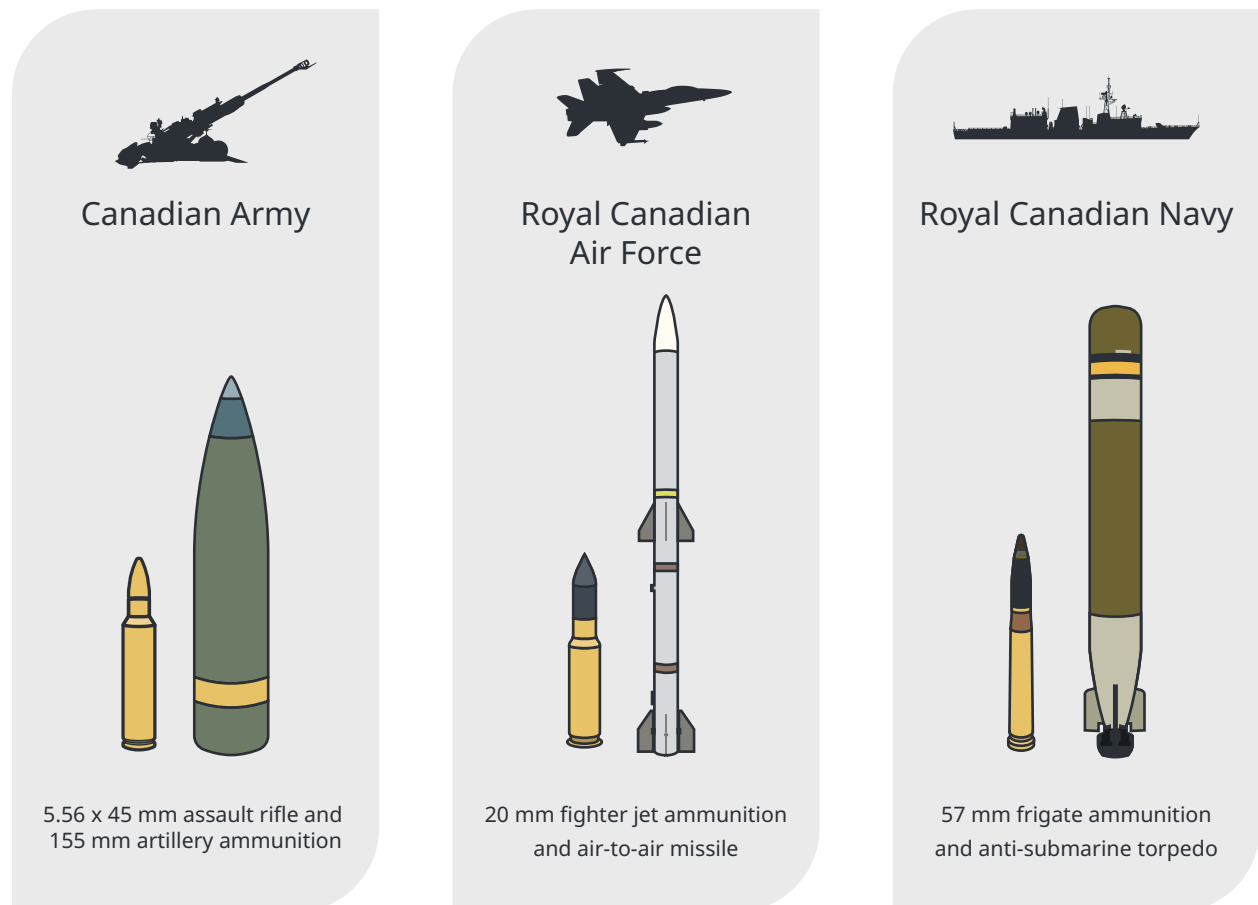
Introduction

Background

Ammunition purpose

1. The Canadian Armed Forces need to be ready to conduct simultaneous missions to safeguard Canada and maintain global peace and stability. To maintain readiness, the right types of ammunition in sufficient quantities must be available. Ammunition includes the full spectrum of explosive devices, from simple (small calibre bullets for handguns and large calibre projectiles for tanks) to complex (missiles and torpedoes for jets, patrol aircraft, frigates, and submarines) ([Exhibit 1](#)).

Exhibit 1—Examples of the various types and calibres of ammunition used by the Canadian Armed Forces



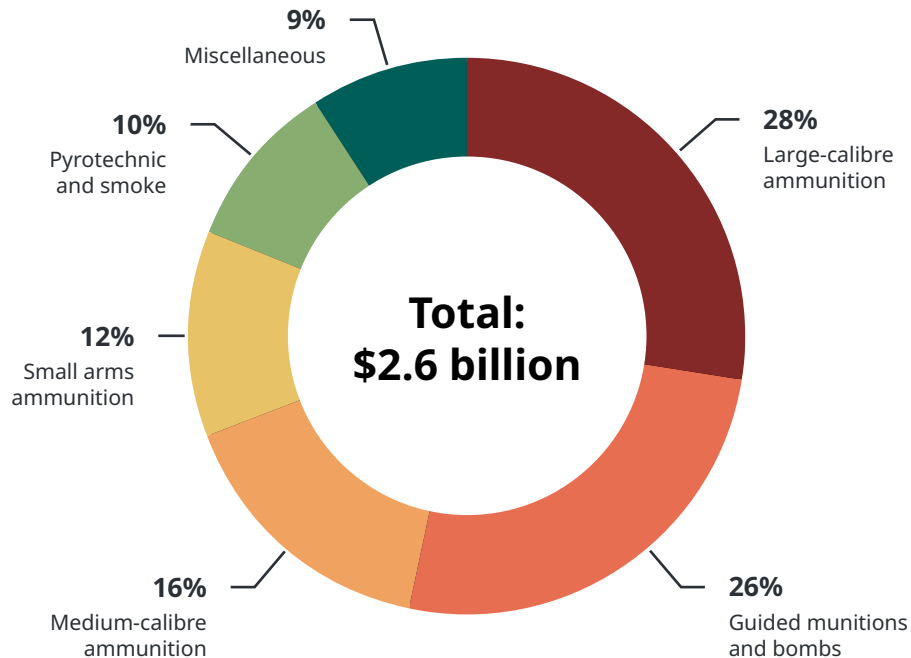
Note: Items depicted are not to scale.



[Read the Exhibit 1 text description](#)

2. National Defence's ammunition inventory was valued at \$2.5 billion as at March 31, 2025, and \$2.6 billion as at March 31, 2026. This inventory is divided into 6 broad classes ([Exhibit 2](#)).

Exhibit 2—Composition of National Defence's ammunition inventory as at March 31, 2026 (by dollar value)



Note: Percentages do not add up to 100% due to rounding.

Source: Based on information from National Defence



[Read the Exhibit 2 text description](#)

3. There are 2 broad categories of ammunition:
- ammunition for regular use, mostly for training and also for supporting active deployments
 - ammunition for combat operations and large-scale conflicts, reserved in the strategic stockpile

As at March 31, 2026, the majority of the inventory was categorized as regular-use ammunition. There is some ammunition that can be used interchangeably for both regular use and the strategic stockpile ([Exhibit 3](#)).

Exhibit 3—Differences between regular-use ammunition and strategic stockpile ammunition

	Regular-use ammunition (day-to-day supply)	Strategic stockpile ammunition (reserve supply)
Purpose	Intended for routine use: <ul style="list-style-type: none"> • training • military exercises • support for active deployments, including international missions • testing 	Intended for emergency scenarios requiring maximum effectiveness: <ul style="list-style-type: none"> • combat operations • large-scale conflicts
Characteristics	Can range from less-lethal, inert projectiles and reduced charges to full-power, combat-ready rounds.	Exclusively full-power, combat-ready rounds designed for lethality and longer range.
Availability	Typically produced and procured in quantities sufficient for ongoing, regular needs and assigned annually to user groups.	Stored in secure, dispersed locations, including ships, and is not regularly consumed.
Expendability	Regularly consumed during military training and exercises.	Used for combat operations.

4. In 2024, the Government of Canada dedicated \$9.2 billion over 13 years to restore the necessary levels of ammunition in the strategic stockpile to meet military operations as assigned by the government.

5. As at March 2026, National Defence determined that the Canadian Armed Forces' readiness level to meet North Atlantic Treaty Organization (NATO) commitments was well below target, and ammunition was one of the contributing capability shortfalls, especially for the strategic stockpile.

6. In February 2026, the federal government published Canada's Defence Industrial Strategy. It stated that Canada must "build the domestic capabilities essential to preserving our sovereignty." Ammunition was identified as one of the 10 areas where Canada must strengthen domestic control to ensure national security, supply-chain resilience, and strategic autonomy. This approach is intended to mitigate the risks of global disruptions and maintain consistent access to ammunition for the Canadian Armed Forces.

Roles and responsibilities

7. **National Defence.** The organization is made up of the Canadian Armed Forces, the Department of National Defence, and the Canadian Coast Guard. The Canadian Armed Forces, supported by the Department of National Defence, are responsible for protecting Canadians and Canada's sovereignty, as directed by the Government of Canada, as well as meeting Canada's commitments to the North American Aerospace Defense Command (NORAD) and to NATO. Ammunition requirements in support of regular-use and combat operations fall within the purview of the Canadian Armed Forces.

8. **Public Services and Procurement Canada.** The department is the contracting authority for ammunition procurement processes valued above National Defence's departmental contracting authorities: above \$9 million for competitive and \$450,000 for non-competitive procurement. The department is also responsible for domestic acquisitions through the Munitions Supply Program and is the contracting authority for ammunition acquisitions through the Foreign Military Sales contractual agreements with the government of the United States of America.

Focus of the audit

9. This audit focused on whether:

- National Defence managed its ammunition to meet its regular-use and the strategic stockpile needs
- Public Services and Procurement Canada supported National Defence by procuring ammunition when requested

10. This audit is important because having the right types and quantities of ammunition is key to maintaining the Canadian Armed Forces' readiness. It enables military personnel to train properly, defend Canada's sovereignty, protect its citizens, and fulfill its international commitments.

11. More details about the audit objective, scope, approach, and criteria are in [About the Audit](#) at the end of this report.

Findings and Recommendations

Long-standing data reliability issues and lack of planning made effective ammunition management challenging

Why this finding matters

12. This finding matters because effective ammunition management supports readiness, security, and sound financial management. Deficiencies in these processes may affect mission success and result in inefficient use of resources.

Persistent inventory data reliability issues hindered effective decision making

Findings

13. We found that National Defence had 2 information technology systems to manage ammunition, intended for different purposes but containing similar information. Since 2012, National Defence has made unsuccessful attempts to integrate the systems. This resulted in inefficiencies and duplication of inventory records, such as receipts of goods, inventory movement, and quantity on hand, which also prolonged National Defence's reliance on unreliable ammunition data. In March 2026, National Defence identified discrepancies in 11% of inventory records between the 2 information technology systems used to manage ammunition.

14. For over 2 decades, our office has raised concerns about National Defence's ability to properly account for the quantity and value of inventory, including ammunition. For example, as part of our audit work on the consolidated financial statements of the Government of Canada, in the last 3 fiscal years, there was an average error rate of 13% in the quantities for the ammunition samples examined.

15. In this audit, we found that National Defence did not centrally track detailed ammunition expenses, preventing the organization from producing a complete and reliable breakdown of spending across ammunition types and user groups. As a result, there was incomplete information to support effective inventory and procurement management decisions.

16. According to National Defence's Supply Administration Manual, all stocks of ammunition must be counted annually. National Defence officials told us that at the end of the 2024–25 and 2025–26 fiscal years, 34% and 31% of locations, respectively, had not conducted their required annual ammunition count. The value of the ammunition inventory overdue for the annual count was \$663 million as at March 31, 2025, and \$656 million as at March 31, 2026.

Recommendation

17. National Defence should address weaknesses in the quality of its data—including performing annual ammunition inventory counts—before consolidating the 2 information technology systems used to manage ammunition.

National Defence's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

A comprehensive ammunition management program was not established

Findings

18. In November 2021, National Defence issued a directive to establish an ammunition and explosives program. The directive required the following:

- to create and establish a group to oversee ammunition and explosives requirements to address supply and demand gaps
- to establish Strategic Joint Staff, a group to provide military analysis and advice to the Chief of the Defence Staff, as the functional authority for departmental ammunition and explosives requirements
- to lead a comprehensive review of the existing ammunition and explosives management processes to recommend a departmental ammunition program

19. In December 2021, National Defence established the group to oversee the determination of ammunition and explosives requirements, by type and quantity, needed to support regular-use and strategic stockpile levels. In August 2024, National Defence established a new position, under the Strategic Joint Staff, to manage ammunition and explosives requirements.

20. However, we found that several important elements required for the comprehensive review of the ammunition and explosives management processes remained outstanding. This

included an assessment of the governance structure, ammunition infrastructure, and information technology systems. We found that there was neither an action plan nor specific timelines established to complete the comprehensive review. As a result, National Defence had not yet established an ammunition and explosives program.

Recommendation

21. National Defence should:

- define expectations and timelines for completing the outstanding elements of the comprehensive review
- take appropriate and timely actions to address the issues identified in the comprehensive review
- complete the development of, and implement, the ammunition and explosives program

National Defence's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The Canadian Armed Forces' assessment of ammunition needs was not based on comprehensive analyses

Why this finding matters

22. This finding matters because inaccurate forecasting of ammunition needs can result in shortages that affect operational readiness or, alternatively, lead to costly overstocking. Accurate forecasting is also important to respond to changes in an evolving geopolitical context.

Context

23. The Canadian Armed Forces assign ammunition for regular use based on annual requests submitted by groups. These requests reflect the amount of ammunition needed to meet pre-established requirements developed to reach the required readiness of each group.

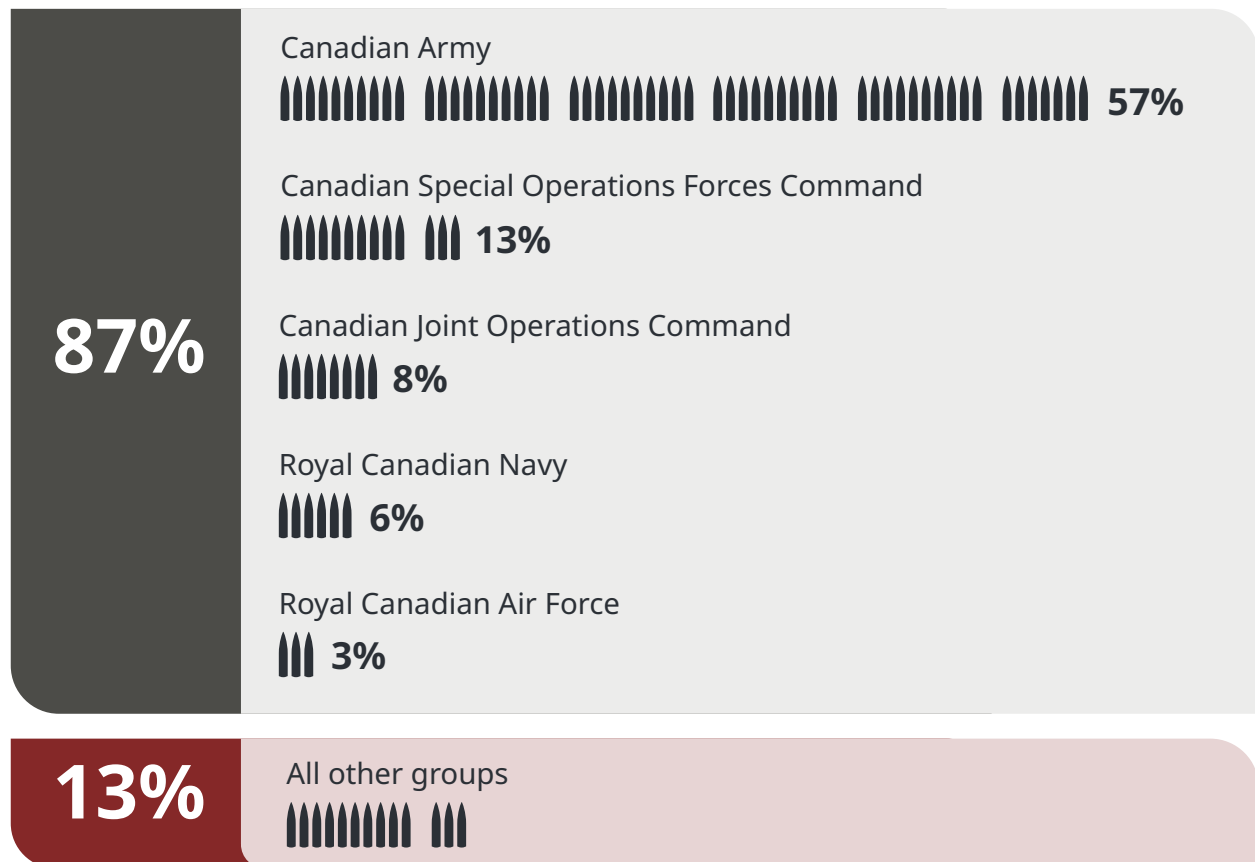
24. The goal for the ammunition in the strategic stockpile is for Canada to meet NORAD and NATO readiness commitments, as well as defence policy requirements in case of combat operations or large-scale conflicts.

Usage of regular-use ammunition was substantially lower than assigned quantities

Findings

25. Five Canadian Armed Forces groups accounted for 87% of the total regular-use ammunition assigned by quantity in the 2023–24 to 2025–26 fiscal years ([Exhibit 4](#)).

Exhibit 4—Five Canadian Armed Forces groups were assigned approximately 87% of all regular-use ammunition by quantity in the 2023–24 to 2025–26 fiscal years



Source: Based on information from National Defence



[Read the Exhibit 4 text description](#)

26. We found that National Defence could not demonstrate that it had determined the right types and quantities of ammunition needed for its annual, regular-use supply. We expected that each user group, and the Canadian Armed Forces as a whole, would have had clearly analyzed and documented regular-use ammunition

requirements and would have had a complete understanding of the types and quantities of ammunition needed to meet those requirements.

27. We found that the 5 large groups used, on average, only 56% of their assigned regular-use ammunition in the 2023–24 to 2025–26 fiscal years ([Exhibit 5](#)).

28. The amounts of unused regular-use ammunition indicated that requests were overstated and that a number of planned activities were not conducted.

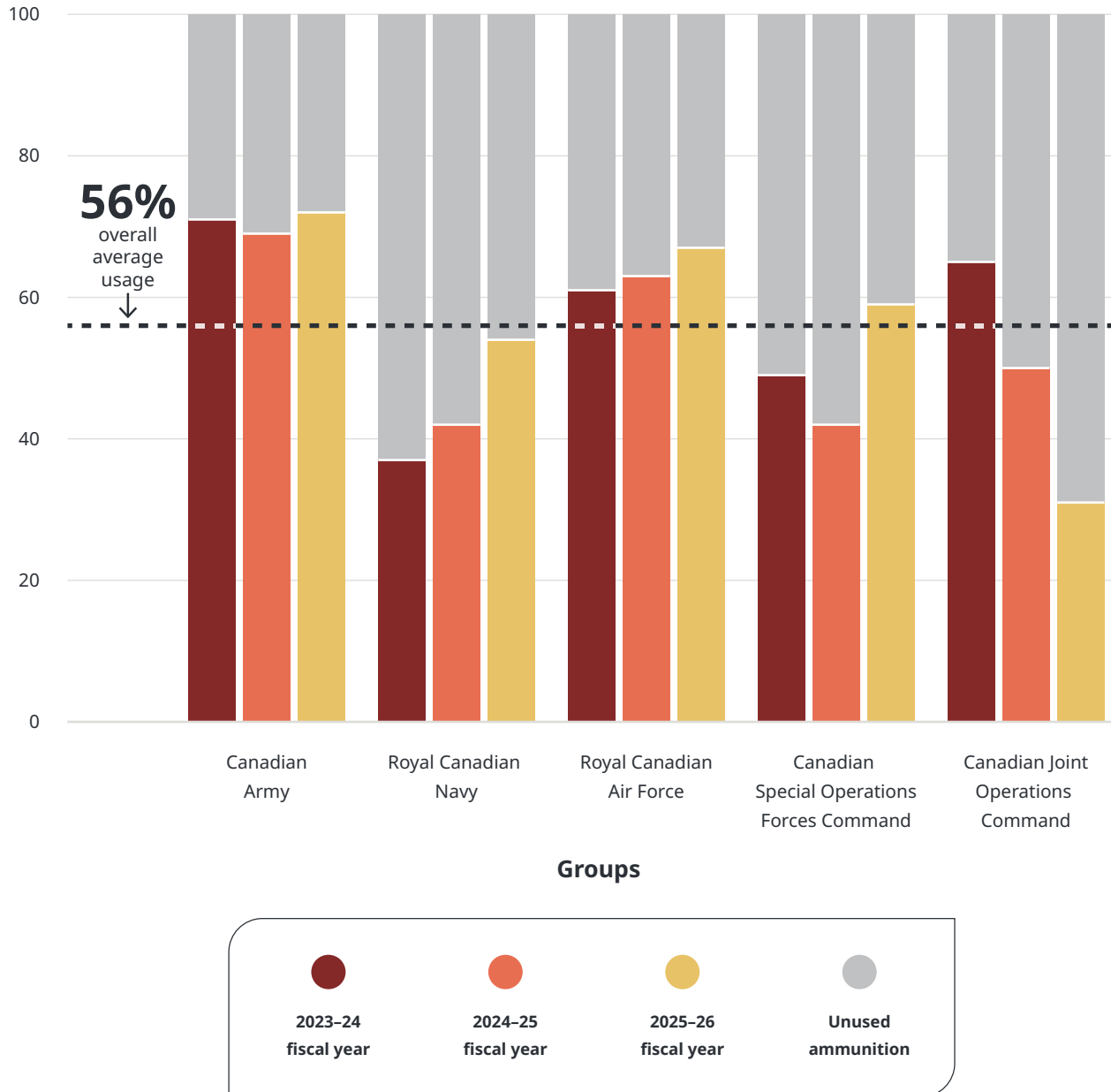
29. We also found that the reasons for limited or cancelled activities were not tracked. For example, National Defence's analysis as at March 2026 noted that equipment, such as tanks and ships, was often out of service, which limited their availability for use in training and military exercises. Other factors, such as a lack of personnel or poor environmental conditions, might have also prevented these activities. The level of planned and actual activities are important factors in ammunition usage. Not tracking these reasons impacted National Defence's ability to determine the appropriate quantities of regular-use ammunition.

30. As at March 31, 2026, we found that the overall regular-use ammunition inventory level exceeded the established target by 31%. This was because 3 classes significantly exceeded their established targets ([Exhibit 6](#)).

31. In our view, accurate forecasting of regular-use ammunition needs is critical to avoid significantly exceeding the inventory target, which strains storage capacities and increases both costs and risks of degradation or shelf-life expiration.

Exhibit 5—The usage of regular-use ammunition by 5 large groups was substantially lower than the quantities assigned to them for the 2023–24 to 2025–26 fiscal years

Assigned ammunition stock (in percentages)

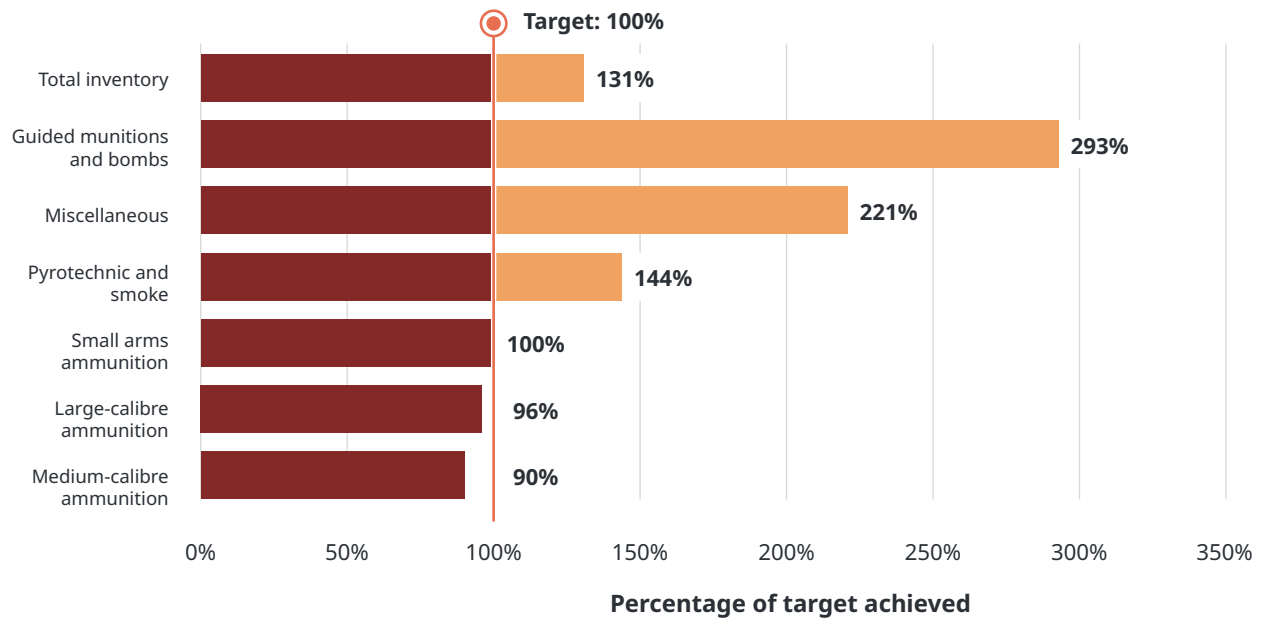


Source: Based on information from National Defence



[Read the Exhibit 5 text description](#)

Exhibit 6—The overall regular-use ammunition inventory level exceeded the target as at March 31, 2026



Source: Based on information from National Defence



[Read the Exhibit 6 text description](#)

Recommendation

32. To support its annual regular-use ammunition assessment, National Defence should:

- determine and document regular ammunition needs
- track and determine the cause of unused ammunition and assess the impact on ammunition needs and operational readiness

National Defence's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The analysis of strategic stockpile needs was incomplete and critical inventory gaps remained

Findings

33. We found that in 2021, National Defence limited access to the strategic stockpile to address reduced levels of inventory that occurred over decades, as ammunition in the strategic stockpile was used as regular-usage ammunition, such as for training exercises.

34. In 2022, National Defence conducted an analysis to establish an inventory baseline for the strategic stockpile. We found deficiencies in the analysis, and subsequent updates, supporting the identification of types and quantities of ammunition that were required for the strategic stockpile. For example, the analysis did not include the ammunition for some equipment, such as certain types of aircraft, and it could not demonstrate how it clearly accounted for domestic and international commitments. In addition, the analysis did not consider the risks that acquisition and production timelines could be insufficient to cover the time needed to replenish the stockpile.

35. As at March 31, 2026, the strategic stockpile was expected to contain approximately 100 different types of items. We found that it lacked required types and quantities of ammunition necessary to meet targeted operational requirements. There were significant gaps between the required and actual inventory levels of ammunition in the strategic stockpile.

Recommendation

36. National Defence should establish and implement a formal, regular, and documented process for determining and updating the types and quantities of ammunition needed for its strategic stockpile. This process should:

- integrate all operational requirements
- provide for sufficient inventory levels given the time needed for replenishment

National Defence's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Weaknesses in contract management constrained ammunition restocking

Why this finding matters

37. This finding matters because the Canadian Armed Forces' operational readiness is dependent on effectively procuring the right type and quantity of ammunition, both when National Defence is the contracting authority and when Public Services and Procurement Canada assists as the acquisition cost exceeds National Defence's authorities regardless of the procurement vehicle being used.

Context

38. Acquiring ammunition begins with the Canadian Armed Forces determining the type and quantity of ammunition required for both regular use and for maintaining the strategic stockpile. National Defence has various purchasing options, primarily:

- the **Munitions Supply Program**, which supports domestic ammunition production by awarding non-competitive contracts to Canadian suppliers through strategic source agreements
- the **Foreign Military Sales Program**, which allows eligible foreign governments, including the Government of Canada, and international organizations to purchase defence items and services from the government of the United States of America
- **competitive procurement** processes, which are open to suppliers from Canada and other countries

39. Competitive procurement processes can be managed by National Defence up to its contract authority limit of \$9 million. Above that limit, Public Services and Procurement Canada must be involved.

40. The Munitions Supply Program and the Foreign Military Sales Program are collaboratively managed by National Defence and Public Services and Procurement Canada. The latter is responsible for determining and implementing the procurement strategy and awarding the contract to the supplier.

Contract amendments extended ammunition delivery timelines

Findings

41. National Defence and Public Services and Procurement Canada awarded multiple contracts during the 2 years audited to purchase regular-use ammunition and to replenish the strategic stockpile. In the 2024–25 fiscal year, about \$800 million in contracts were awarded, and that increased to almost \$3 billion in the 2025–26 fiscal year. Some deliveries have already been received for regular-use ammunition, and others are scheduled over multiple years.

42. We found that for the 15 contracts where regular-use ammunition was received between April 1, 2024, and March 31, 2026, the value of the ammunition was \$96 million. Of these contracts, 1 was awarded by National Defence and 14 were awarded by Public Services and Procurement Canada. Twelve out of 15 contracts (80%) were put in place under the Munitions Supply Program—that is, non-competitive contracts awarded to Canadian suppliers identified by the Government of Canada as strategic sources of supply under the program.

43. We found that it took an average of almost 19 months between contract signature and final receipt of goods for the 15 contracts. Deliveries were received on the initial delivery date for the 1 contract awarded by National Defence during our audit period. In 8 of the 14 contracts (57%) managed by Public Services and Procurement Canada, the ammunition purchased was delivered later than the initial delivery date. In 3 of these contracts, the purchased ammunition was delivered in accordance with the timelines in subsequent contract amendments. For the other 5 contracts, the purchased ammunition was delivered, on average, 3 months later than the initial delivery date or dates agreed to in subsequent contract amendments.

44. While Public Services and Procurement Canada did not consistently track and document the reasons for using contract amendments, we found that it amended 7 out of 14 contracts (50%) to extend delivery dates and give suppliers additional time for production.

45. The contract amendments did not increase the value of the contracts. We found that the price for 7 out of the 15 contracts was amended, primarily due to material costs increasing. The total increase in price was \$1.5 million (1.6%). All ammunition was delivered in accordance with the agreed-upon price that was set out in the contracts and amended contracts.

Recommendation

46. National Defence and Public Services and Procurement Canada should track and assess supplier performance within the Munitions Supply Program, including the frequency and reasons for using contract amendments to extend delivery dates, and determine how to minimize future delays.

National Defence's response. Agreed.

Public Services and Procurement Canada's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Some Munitions Supply Program agreements lacked performance metrics and were not renewed on time

Findings

47. The Government of Canada, through Public Services and Procurement Canada, had 4 strategic source agreements with Canadian companies to produce ammunition and/or explosives that are available through the Munitions Supply Program. These agreements are to be reviewed and renewed at least every 5 years. We found that 2 of the 4 agreements had expired over 3 years ago. Public Services and Procurement Canada officials told us that a lack of staff contributed to the delay in reviewing and renewing the agreements. We were also told that all parties agreed to honour the terms and conditions while negotiations for agreement renewal were underway.

48. We found that performance metrics, such as for on-time delivery, were in place for the 2 current agreements. However, the 2 expired agreements did not contain performance metrics. Clearly defined performance metrics are important for evaluating performance and assessing the companies' ability to meet their contractual obligations, including delivering products on time.

Recommendation

49. Public Services and Procurement Canada should ensure that the Munitions Supply Program's strategic source agreements contain clear performance metrics and that these agreements are renewed on time.

Public Services and Procurement Canada's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

At the current pace, it will take several years to address the critical gaps in the strategic stockpile

Findings

50. We found that National Defence had started replenishing the strategic stockpile—made up of approximately 100 types of items—however, critical gaps remained. During our audit period, 40 items were in the process of being procured and 8 were delivered, covering all classes of ammunition. These deliveries were part of \$355 million spent to replenish the ammunition in the strategic stockpile using sources of funding other than the \$9.2 billion dedicated in 2024.

51. In the 2025–26 fiscal year, National Defence committed \$695 million of the Government of Canada’s 2024 funding, but no items were received by March 31, 2026, from this funding. Continued attention over several years, using the multi-year funding provided, will be needed to address these gaps.

Conclusion

52. We concluded that National Defence did not manage its ammunition to meet its regular-use and the strategic stockpile needs.

53. We also concluded that Public Services and Procurement Canada supported National Defence by procuring ammunition to meet its regular-use and strategic stockpile needs. However, there were areas where its procurement management could be improved.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on National Defence's ammunition stocks for regular use and the strategic stockpile. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs and to conclude on whether National Defence's management of the regular-use and strategic stockpiles of ammunition, including procurement support by Public Services and Procurement Canada, complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objectives

The objectives of this audit were to:

- determine whether National Defence managed its ammunition to meet its regular-use and the strategic stockpile needs
- determine whether Public Services and Procurement Canada supported National Defence by procuring ammunition to meet its regular-use and the strategic stockpile needs

Scope and approach

The audit examined National Defence's management of ammunition for regular use and the strategic stockpile. We examined how National Defence planned and assessed needs for the types and quantities of ammunition for both regular-use ammunition and the strategic stockpile of ammunition. Finally, we examined the actions taken by National Defence and Public Services and Procurement Canada in acquiring ammunition for regular use and the strategic stockpile.

Evidence was obtained through analysis of documents and financial data collected from National Defence and Public Services and Procurement Canada, and interviews with respective officials. To examine whether ammunition contracts for regular-use ammunition awarded by National Defence and Public Services and Procurement Canada, whose final deliveries were received between April 1, 2024, and March 31, 2026, were on time and on budget, we reviewed all 15 contracts and delivery documents. We also examined whether the 8 items for the strategic stockpile, whose final deliveries were received between April 1, 2024, and March 31, 2026, were delivered on time and at the agreed price.

Specific audit work preceded the April 1, 2024, start of the period covered by the audit. Audit work related to the National Defence assessment of the types and quantities of ammunition needed for regular use and the strategic stockpile covered the 2022–23 to 2025–26 fiscal years. For quantities of regular-use ammunition requested and used by 5 large Canadian Armed Forces groups, the period examined covered the 2023–24 to 2025–26 fiscal years.

We visited 2 companies participating in the Munitions Supply Program to gain an understanding of the complexities involved in ammunition procurement and manufacturing. We did not examine these companies' operations.

We did not examine the complete life cycle management of ammunition inventory, including transportation, storage, handling, or disposal of ammunition.

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
National Defence identifies its short- and long-term needs for regular-use ammunition and plans their acquisition accordingly.	<ul style="list-style-type: none"> • Policy on Results, Treasury Board, 2016 • Policy on the Planning and Management of Investments, Treasury Board, 2021 • Chief of the Defence Staff and Deputy Minister Directive for Canadian Armed Forces Posture and Readiness 2024–25, National Defence, 2024 • Defence Administrative Orders and Directives 3000-0, Materiel Acquisition and Support, National Defence, 2018 • Defence Administrative Orders and Directives 3002-0, Ammunition and Explosives, National Defence, 2016 • Defence Administrative Orders and Directives 6001-0, Information Management, National Defence, 2021 • Supply Administration Manual, National Defence, 2024
<p>National Defence acquires regular-use ammunition on time and on budget.</p> <p>Public Services and Procurement Canada supports National Defence by procuring regular-use ammunition on time and on budget.</p>	<ul style="list-style-type: none"> • Policy on Results, Treasury Board, 2016 • Defence Administrative Orders and Directives 3000-0, Materiel Acquisition and Support, National Defence, 2018 • Defence Administrative Orders and Directives 3002-0, Ammunition and Explosives, National Defence, 2016 • Supply Manual, Public Services and Procurement Canada, 2025 • Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations • Canada's Federal Implementation Plan for the 2030 Agenda, Employment and Social Development Canada, 2021

Criteria	Sources
<p>National Defence has a coherent national ammunition stockpile plan that meets the strategic stockpile of ammunition requirements.</p>	<ul style="list-style-type: none"> • Strong, Secure, Engaged: Canada's Defence Policy, National Defence, 2017 • Our North Strong and Free: A Renewed Vision for Canada's Defence, National Defence, 2024 • Policy on Results, Treasury Board, 2016 • Policy on the Planning and Management of Investments, Treasury Board, 2021 • Chief of the Defence Staff and Deputy Minister Directive for Canadian Armed Forces Posture and Readiness 2024–25, National Defence, 2024 • Defence Administrative Orders and Directives 3000-0, Materiel Acquisition and Support, National Defence, 2018 • Defence Administrative Orders and Directives 3002-0, Ammunition and Explosives, National Defence, 2016 • Defence Administrative Orders and Directives 6001-0, Information Management, National Defence, 2021 • Supply Administration Manual, National Defence, 2024
<p>Public Services and Procurement Canada and National Defence develop the acquisition strategies required to procure the needed quantity and type of ammunition for the strategic stockpile on time and at an acceptable price.</p>	<ul style="list-style-type: none"> • Policy on Results, Treasury Board, 2016 • Policy on the Planning and Management of Investments, Treasury Board, 2021 • Directive on the Management of Procurement, Treasury Board, 2021 • Defence Administrative Orders and Directives 3002-0, Ammunition and Explosives, National Defence, 2016 • Supply Manual, Public Services and Procurement Canada, 2025

Criteria	Sources
<p>National Defence is achieving progress in implementing its acquisition plans for the strategic stockpile of ammunition by respecting schedules and costs.</p> <p>Public Services and Procurement Canada supports National Defence by procuring ammunition for the strategic stockpile on time and on budget.</p>	<ul style="list-style-type: none"> • Policy on Results, Treasury Board, 2016 • Defence Administrative Orders and Directives 3000-0, Materiel Acquisition and Support, National Defence, 2018 • Defence Administrative Orders and Directives 3002-0, Ammunition and Explosives, National Defence, 2016 • Supply Manual, Public Services and Procurement Canada, 2025 • Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations • Canada's Federal Implementation Plan for the 2030 Agenda, Employment and Social Development Canada, 2021

Period covered by the audit

The audit covered the period from April 1, 2024, to March 31, 2026. This is the period to which the audit conclusion applies. To gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the start date of this period, including the assessment of the types and quantities of ammunition needed for regular use and the strategic stockpile that covered the 2022–23 and 2023–24 fiscal years.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on October 16, 2026, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Milan Duvnjak, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

Recommendations and Responses

Responses appear as they were received by the Office of the Auditor General of Canada.

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>17. National Defence should address weaknesses in the quality of its data—including performing annual ammunition inventory counts—before consolidating the 2 information technology systems used to manage ammunition.</p>	<p>National Defence's response. Agreed. A critical requirement exists to consolidate the two information technology systems. Recognizing existing ammunition inventory data quality issues, DND is conducting data cleansing and standardization efforts to ensure accurate and reliable information is available prior to the implementation of the Modernization and Integration of Sustainment and Logistics (MISL) initiative. Performance of annual ammunition inventory counts is a distinct issue that equally needs to be addressed, however is not a precursor to system amalgamation.</p> <p>Timeline for implementation: July 2027</p>
<p>21. National Defence should:</p> <ul style="list-style-type: none"> • define expectations and timelines for completing the outstanding elements of the comprehensive review • take appropriate and timely actions to address the issues identified in the comprehensive review • complete the development of, and implement, the ammunition and explosives program 	<p>National Defence's response. Agreed. DND has determined that the complexity and interdependence of ammunition and explosives activities require a portfolio-based approach that integrates various activities across the Defence Team and OGDs (i.e. DND, PSPC, ISED, DIA etc.). The Department has been actioning tasks associated with CDS/DM direction in an iterative and sequential manner to ensure clarity and alignment across the ammunition portfolio. The result will establish an integrated governance framework, strengthen accountability, and implement a coherent ammunition and explosives portfolio structure, with policy codification to follow.</p> <p>Timeline for implementation: 2028–29</p>

Recommendation	Response
<p>32. To support its annual regular-use ammunition assessment, National Defence should:</p> <ul style="list-style-type: none"> • determine and document regular ammunition needs • track and determine the cause of unused ammunition and assess the impact on ammunition needs and operational readiness 	<p>National Defence's response. Agreed. National Defence will refine the Annual Requirements Call Letter beginning in FY 2027/28 to place greater emphasis on capturing Force Generation ammunition requirements. Concurrently, Force Generators will be directed to track cancelled or deferred training activities and assess their impacts on ammunition demand, force generation outputs, and operational readiness.</p> <p>A requirements-based approach is well suited to strategic stockpile planning, informing investment priorities and infrastructure needs. However, its applicability to annual training ammunition requirements is more limited, as it may not provide the most meaningful basis for routine consumption planning.</p> <p>Timeline for implementation: 2027–28</p>
<p>36. National Defence should establish and implement a formal, regular, and documented process for determining and updating the types and quantities of ammunition needed for its strategic stockpile. This process should:</p> <ul style="list-style-type: none"> • integrate all operational requirements • provide for sufficient inventory levels given the time needed for replenishment 	<p>National Defence's response. Agreed. Historically, available funding has limited how much ammunition we could order, rather than orders being based on the CAF's actual requirements. National Defence will formalize and document the process for determining, validating, and updating strategic ammunition requirements and associated stockpile objectives, enabling alignment with evolving operational requirements, industry capability/capacity and available resources to support readiness objectives.</p> <p>Timeline for implementation: in progress—will continue to evolve</p>

Recommendation	Response
<p>46. National Defence and Public Services and Procurement Canada should track and assess supplier performance within the Munitions Supply Program, including the frequency and reasons for using contract amendments to extend delivery dates, and determine how to minimize future delays.</p>	<p>National Defence's response. Agreed. National Defence will work with Public Services and Procurement Canada (PSPC) to document, track and assess the reasons for using contract amendments including their impact on ammunition delivery timelines and opportunities to mitigate future delays.</p> <p>Timeline for implementation: September 30, 2027</p> <p>Public Services and Procurement Canada's response. Agreed. PSPC will ensure that the reason for a contract extension and its impact are captured in the procurement file, and will also establish a mechanism to collectively track the frequency and reasons for all amendments to ammunition contracts that result in delivery dates extension. PSPC and DND will jointly review and assess the information on at least a semi-annual basis to identify trends, impacts, and opportunities for mitigation. Any resulting concerns and impacts will be communicated to the contractor(s), and contractor performance issues will be addressed, both at the individual contract level and, where applicable, at the Munitions Supply Program partnership level.</p>
<p>49. Public Services and Procurement Canada should ensure that the Munitions Supply Program's strategic source agreements contain clear performance metrics and that these agreements are renewed on time.</p>	<p>Public Services and Procurement Canada's response. Agreed. PSPC, in collaboration with DND, has already taken steps to develop a framework for the modernization of the Strategic Source Agreements, addressing required changes to strengthen industrial readiness, performance management, and contract governance. A strategy to renew the out-of-date agreements has been developed and implementation will commence in Fall 2026. Going forward, PSPC will ensure that these Strategic Source Agreements are renewed in a timely manner to maintain their effectiveness and alignment with operational requirements.</p>

Appendix—Text Descriptions of Exhibits

Here are the text descriptions of the exhibits.

Exhibit 1—Examples of the various types and calibres of ammunition used by the Canadian Armed Forces—Text description

The first box shows a silhouette of a round of 5.56 x 45 mm assault rifle ammunition and a 155 mm artillery shell used by the Canadian Army.

The second box shows a drawing of 20 mm fighter jet ammunition and an air-to-air missile used by the Royal Canadian Air Force.

The third box shows a drawing of 57 mm frigate ammunition and an anti-submarine torpedo used by the Royal Canadian Navy.

Note: Items depicted are not to scale.

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Exhibit 2—Composition of National Defence's ammunition inventory as at March 31, 2026 (by dollar value)—Text description

This donut chart shows that as at March 31, 2026, there was a total of \$2.6 billion in inventory.

The largest class was large-calibre ammunition, accounting for 28% of total inventory.

The second class was guided munitions and bombs, accounting for 26%.

The third class was medium-calibre ammunition, accounting for 16%.

The fourth class was small arms ammunition, accounting for 12%.

The fifth class was pyrotechnic and smoke, accounting for 10%.

The sixth and final class was miscellaneous, accounting for 9%.

Note: Percentages do not add up to 100% due to rounding.

Source: Based on information from National Defence

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Exhibit 4—Five Canadian Armed Forces groups were assigned approximately 87% of all regular-use ammunition by quantity in the 2023–24 to 2025–26 fiscal years—Text description

This bar chart shows that 5 Canadian Armed Forces groups were assigned a total of approximately 87% of all regular-use ammunition by quantity. That amount consisted of the Canadian Army with 57%, the Canadian Special Operations Forces Command with 13%, the Canadian Joint Operations Command with 8%, the Royal Canadian Navy with 6%, and Royal Canadian Air Force with 3%.

The remaining 13% of regular-use ammunition by quantity was assigned to all other groups.

Source: Based on information from National Defence

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Exhibit 5—The usage of regular-use ammunition by 5 large groups was substantially lower than the quantities assigned to them for the 2023–24 to 2025–26 fiscal years—Text description

The overall average usage of the assigned ammunition stock among the 5 large groups for the 3 fiscal years was 56%.

The Canadian Army used roughly 70% of its assigned ammunition stock in each of the 2023–24, 2024–25, and 2025–26 fiscal years. Therefore roughly 30% of its ammunition was unused.

The Royal Canadian Navy used roughly 40% of its assigned ammunition stock in both of the 2023–24 and 2024–25 fiscal years. Therefore roughly 60% of its ammunition was unused. It used roughly 55% of its ammunition stock in the 2025–26 fiscal year; therefore, roughly 45% was unused that year.

The Royal Canadian Air Force used roughly 60% of its assigned ammunition stock in each of the 2023–24 and 2024–25 fiscal years. Therefore roughly 40% of its ammunition was unused. It used roughly 70% of its ammunition stock in the 2025–26 fiscal year; therefore, roughly 30% was unused that year.

The Canadian Special Operations Forces Command used roughly 50% of its assigned ammunition stock in the 2023–24 fiscal year; therefore, roughly 50% was unused that year. It used roughly 40% of its ammunition stock in the 2024–25 fiscal year; therefore, roughly 60% was unused that year. It used roughly 60% of its ammunition stock in the 2025–26 fiscal year; therefore, roughly 40% was unused that year.

The Canadian Joint Operations Command used roughly 65% of its assigned ammunition stock in the 2023–24 fiscal year; therefore, roughly 35% was unused that year. It used roughly 50% of its ammunition stock in the 2024–25 fiscal year; therefore, roughly 50% was unused that year. It used roughly 30% of its ammunition stock in the 2025–26 fiscal year; therefore, roughly 70% was unused that year.

Source: Based on information from National Defence



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Exhibit 6—The overall regular-use ammunition inventory level exceeded the target as at March 31, 2026—Text description

The first bar shows that the total inventory amount was 131% of the target.

The next bars show amounts by class of inventory.

The inventory of guided munitions and bombs was 293% of the target.

The inventory of miscellaneous items was 221% of the target.

The inventory of pyrotechnic and smoke was 144% of the target.

The inventory of small arms ammunition was 100% of the target.

The inventory of large-calibre ammunition was 96% of the target.

The inventory of medium-calibre ammunition was 90% of the target.

Source: Based on information from National Defence



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