

# **SUBPART 5815.4 - CONTRACT PRICING**

**Parent topic:** PART 5815 - CONTRACTING BY NEGOTIATION

## **5815.403-3 Requiring Data Other Than Certified Cost or Pricing Data**

(S-90) Refusal to Provide Data Other than Certified Cost and Pricing Data. Contracting Officers are required to coordinate with the DITCO-Scott, Cost and Pricing Branch (PS842) if a contractor refuses to provide Data Other than Certified Cost and Pricing Data. Refusals to provide this data is considered a “Denial of Requests for Data Other than Certified Cost and Pricing Data” and is reportable to DPC in accordance with DFARS PGI 215.403-3(6) Reporting requirements. The Cost and Pricing Branch will consolidate any denials that are not resolved through the elevation process at DFARS PGI 215.404-1(a)(i)(A) and report those actions quarterly to the PS21, Contract Policy Branch. As required, the Cost and Pricing Branch will coordinate on any required determination by the HCA IAW FAR 15.403-3(a)(4).

## **5815.404-1 Proposal Analysis Techniques**

(S-90) *Policy.*

(1) Independent Government Cost Estimates (IGCE) are part of the required documentation for a complete requirements package for procurement actions expected to meet or exceed the Simplified Acquisition Threshold (SAT). An IGCE is also required for Economy Act Determination and Findings requests above \$2,500. The DISA IGCE Deskbook located at <https://www.ditco.disa.mil/hq/Deskbooks> contains procedures/guidance for developing IGCEs.

(2) IGCEs must contain a written narrative to demonstrate how the estimates were developed. Assistance with developing IGCEs, including incorporation of current cost and pricing information should be requested, as needed, from PS842.

(3) The use of “fully burdened” labor (hour) rates is recommended. Rates must be recent and relevant to the labor categories contemplated. PS842 can provide advice regarding sources of fully loaded labor rates, as well as their applicability and limitations for use in developing the IGCE.

(4) Resource Managers shall coordinate on IGCEs prior to submission of the requirements package.

(5) Contracting officers shall fully document in the PNM variances in the total evaluated cost/price and the IGCE. Significant deviations may be cause for formal discussions or RFP/RFQ amendment or cancellation. Total evaluated cost/price exceeding the IGCE should be discussed with the PMO to determine if additional funds may be secured.

(S-91) Cost and Price Analysis. Contracting officers shall initiate action to obtain cost and price analyses in accordance with the following procedures.

The contracting officer, exercising sole responsibility for the final pricing decision shall, in accordance with FAR 15.404-1, coordinate with, request, and evaluate the advice of the Cost/Price (C/P) Analyst (PS842) and/or Tariff Specialists (DITCO-Scott, PS82, Telecommunications Contract

Division). Contracting officers shall obtain cost and pricing assistance for contract awards, orders or modifications of \$10 million or more. Contracting officers may request cost and pricing assistance, including a cost/price analysis and review of all solicitation documents (including the PWS, RFP, etc.) before solicitation or issuing a modification with a contract value in excess of the threshold for obtaining certified cost or pricing data (FAR 15.403-4(a)(1)), to determine price reasonableness. A list of services offered by the Cost/Price Branch can be found in the "Cost and Pricing Request Form" located at [DARS PGI 5815.404-1\(S-91\)](#).

The following exceptions apply:

(i) Orders priced in accordance with prices/rates established in base contracts/agreements. Modifications priced in accordance with prices/rates established within the base contract/order/agreement.

(ii) Modifications for funding actions

(iii) Modifications to exercise priced options; or

(iv) Any other contract or order award, or modification meeting the thresholds above where the Cost and Pricing Branch Chief and at least one level above the contracting officer waive in advance the requirement to obtain cost or pricing assistance. This agreement must be documented in writing in the official contract file.

(2) PS82 Tariff Specialist assistance related to tariff interpretation, tariff rate establishment/update and other tariff issues shall be requested as required.

(3) PS842 or PS82 Tariff Specialist, with the concurrence of the contracting officer, shall be responsible for:

(i) Obtaining cost or pricing data or information other than cost or pricing data and auditing contractor's records.

(ii) Performing contract audit follow-up reporting tasks.

(iii) Conducting cost or price analyses and tariff reviews in accordance with FAR 15.404-1, as appropriate. Cost analyses shall incorporate audit findings, technical analysis and tariff review results, and all relevant cost driver information.

(iv) Consolidating cost or pricing data, information other than cost or pricing data, audit results, tariff reviews and other pertinent information; and developing pre-negotiation objectives.

(v) Participating in negotiations with contractors which require the use of information, computations, or data developed during the cost or price analysis.

(vi) Reviewing all solicitations for actions which require PS842 or PS82 Tariff Specialists in accordance with (S-92)(1) prior to issuance for competitive or noncompetitive services and supplies to ensure adequate cost or pricing data and tariff provisions are included and that detailed evaluation criteria are developed and tailored for each acquisition.

(vii) Assisting contracting officers in documenting the contract files by providing detailed cost/price analysis memoranda, supporting schedules, automated spreadsheets, discussion items, pre- and post-negotiation memorandums input, DD Forms 1547, Tariff Change Notices, Tariff Contract File Conflict Notices, and other items, as required.

(viii) Participating in conferences, briefings, debriefings, and other meetings where pricing and/or tariff support is required.

(S-92) *Request Cost and Price Analysis Support.* To request cost/price analysis support, the contracting officer shall submit a completed “Cost and Pricing Request Form” located at [DARS PGI 5815.404-1\(S-91\)](#) to the Cost and Pricing Branch Chief via [DITCO-Scott Cost and Pricing Branch Mailbox](#), containing details related to the type of support requested. RFP reviews must be requested early in the acquisition stage so that a detailed review may be accomplished prior to issuing the RFP. Acquisition plans and timelines must recognize the need for effective pricing/tariff reviews and analysis and must contain reasonable periods for conducting these tasks. C/P analyst pre-solicitation reviews shall be requested concurrent with policy and legal reviews.

## **5815.406-1 Prenegotiation Objectives**

(b) Prenegotiation objectives are established and documented within the Cost/Price Report and/or Evaluation Notices (EN). ENs shall be developed prior to entering negotiations with the offeror, and issued to the offeror during negotiations, to assist the Contracting Officer in making a fair and reasonable price determination and to resolve any weaknesses or deficiencies in the proposal. Cost and pricing analysis assistance for actions less than \$10M is encouraged in order to ensure the pertinent issues to be negotiated, cost objectives, and a profit or fee objective is clearly documented in the Cost/Pricing Report.

## **5815.406-3 Documenting the Negotiation**

The Standard Operating Procedure for Obtaining Access to the Contract Business Analysis Repository (CBAR) is located in DARS PGI 5815.406-3(S-90).

(S-90) *Price Negotiation Memorandum.* A Price Negotiation Memorandum (PNM) shall be prepared for contracting actions as described below and included in the official contract file.

A PNM is not required for any actions at or below the micro-purchase threshold, nor is a PNM required for orders under single award indefinite delivery contracts, when established priced line items are being ordered and the established pricing was deemed fair and reasonable in the base contract. The PNM fulfills the documentation requirements in FAR 15.406-3 and provides the determination of fair and reasonable pricing. The PNM templates are located in <https://disa.deps.mil/org/PL2/Pages/DITCORefs.aspx?RootFolder=%2Forg%2FPL2%2FOther%2FPROCEDURES%20GUIDES%20AND%20INSTRUCTIONS%20%28PGI%29&FolderCTID=0x012000175D246D4A108E42B091C3F17BE4BDFE&View=%7B998EB6D7%2DDD02%2D4224%2D9626%2D13F9934F7F4C%7D> [DARS PGI 5815.406-3\(S-90\)](#). See DARS 5813.106-3 (S-90) for PNM requirements for the I/Q/O process or the North Atlantic Treaty Organization (NATO) Allied Long Lines Agency (ALLA)/National Allied Long Lines Agency (NALLA) circuit demand process under the threshold for certain commercial items identified at FAR 13.500(a).

(S-91) *DITCO Cost/Price Analyst Involvement*

(1) PNMs for actions valued over \$10M shall be routed electronically to the Cost and Pricing Branch for review/coordination prior to approval (See [Contract Document Approval Signature Routing Procedures](#)). Routing to the Cost and Pricing Branch or assigned Contract Price/Cost Analyst is not

required when pricing is based on prices/rates are established in base contracts/agreements, when prices are set by law or regulation, or a fair and reasonable price determination can be made by the contracting officer by comparing prices or rates against an existing or previous Government contract where prices are recent and based on an adequately supported fair and reasonable price determination.

(2) ENs for actions valued over \$10M, shall be prepared in collaboration with a DITCO Cost/Price Analyst. The Cost/Price Analyst shall assist the contracting officer in evaluation of the pricing proposal and aid in the development of the pre-negotiation objectives issued as ENs; the Contract Price/Cost Analyst shall also support negotiations and review of the PNM, prior to approval, as requested by the contracting officer.

(3) In all instances where the Cost and Pricing Branch has provided assistance in development of the PNM—including but not limited to, the evaluation of cost/price proposals and calculation of the Government negotiation position, a copy of the signed/approved PNM shall be provided to the Cost and Pricing Branch Chief via [DITCO Scott - Cost and Pricing Branch Mailbox](#) . In situations where the recommendations provided by the C/P Branch and the negotiation objectives are not achieved during negotiations, the contracting officer shall include an explanation in the PNM. The explanation shall contain detailed information on recommendations not achieved and the alternative rationale utilized in the contractor officer’s determination of fair and reasonable pricing.

(S-92) *PNM Approval Authority*. The approval authority for all PNMs and negotiation objectives is the contracting officer.

**Table 15-2 Competitive Acquisitions PNM Format**

| <b>ACQUISITION TYPE</b>   | <b>FORMAT</b>   |
|---|---|
| FAR Part 13 Competitive ≤ SAT                                   | SAT PNM   |
| Open Market (when the Contracting Officer is the SSA)           | Competitive PNM   |
| GSA Schedule orders   | IDIQ PNM  |
| 8(a)  | Competitive PNM   |
| IDIQ orders with Pre-established labor rates                    | IDIQ PNM  |
| Open Market (when the SSA is not the Contracting Officer)       | Source Selection Decision Document (SSDD) and Competitive PNM |
| FAR Part 8/13/16 Competitive LPTA Supply or Service up to \$10M | Abstract PNM  |

FAR Part 15 Competitive, only 1 offer received

Sole Source PNM

**Table 15-3 Sole Source Acquisitions PNM Format**

| <b>ACQUISITION TYPE</b>  | <b>FORMAT</b>    |
|--|------------------|
| Open Market or 8(a) at or below SAT  | Sole Source PNM  |
| GSA Schedule orders  | Sole Source PNM  |
| IDIQ orders  | Sole Source PNM  |
| Open Market or 8(a) above SAT  | Sole Source PNM  |
| Unilateral orders for priced CLINS at established contract price (no proposed labor categories or hours) | PNM not required |

**Table 15-4 Modifications PNM Format**

| <b>MODIFICATION TYPE</b>  | <b>FORMAT</b>                        |
|---|--------------------------------------|
| Pricing Modifications against previously competed actions w/<br>Pre-established rates (e.g., labor rates) | Modifications PNM                    |
| Pricing Modifications w/ Pre-established rates (e.g., labor rates) - sole source                          | Modifications PNM                    |
| Other Pricing Modifications (e.g., cost type)   | Modifications PNM or Sole Source PNM |