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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=%2F0rg%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

| ACQUISITION TYPE | FORMAT |
|---|---|
| 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

| ACQUISITION TYPE | FORMAT |
|--|------------------|
| 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

MODIFICATION TYPE

FORMAT

Pricing Modifications against previously competed actions w/
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

Parent topic: SUBPART 5815.4 - CONTRACT PRICING