15.404-3 Subcontract pricing considerations.

(a) The *contracting officer* is responsible for the determination of a fair and reasonable *price* for the prime contract, including subcontracting costs. The *contracting officer should* consider whether a contractor or subcontractor has an approved purchasing system, has performed cost or *price* analysis of proposed subcontractor *prices*, or has negotiated the *subcontract prices* before negotiation of the prime contract, in determining the reasonableness of the prime contract *price*. This does not relieve the *contracting officer* from the responsibility to analyze the contractor's submission, including subcontractor's *certified cost or pricing data*.

(b) The prime contractor or subcontractor *shall-*

(1) Conduct appropriate cost or *price* analyses to establish the reasonableness of proposed *subcontract prices*;

(2) Include the results of these analyses in the *price* proposal; and

(3) When required by paragraph (c) of this subsection, submit subcontractor *certified cost or pricing data* to the Government as part of its own *certified cost or pricing data*.

(c) Any contractor or subcontractor that is required to submit *certified cost or pricing data* also *shall* obtain and analyze *certified cost or pricing data* before awarding any *subcontract*, *purchase order*, or modification expected to exceed the *certified cost or pricing data* threshold, unless an exception in 15.403-1(b) applies to that action.

(1) The contractor *shall* submit, or cause to be submitted by the subcontractor(s), *certified cost or pricing data* to the Government for *subcontracts* that are the lower of either-

(i) $15 million or more; or

(ii) Both more than the pertinent *certified cost or pricing data* threshold and more than 10 percent of the prime contractor's proposed *price*, unless the *contracting officer* believes such submission is unnecessary.

(2) The *contracting officer should* require the contractor or subcontractor to submit to the Government (or cause submission of) subcontractor *certified cost or pricing data* below the thresholds in paragraph (c)(1) of this subsection and *data other than certified cost or pricing data* that the *contracting officer* considers necessary for adequately *pricing* the prime contract.

(3) Subcontractor *certified cost or pricing data shall* be submitted in the format provided in 15.408 Solicitation provisions and contract clauses. of 15.408 or the *alternate* format specified in the *solicitation*.

(4) Subcontractor *certified cost or pricing data shall* be current, accurate, and complete as of the date of *price* agreement, or, if applicable, an earlier date agreed upon by the parties and specified on the contractor's Certificate of Current *Cost or Pricing Data*. The contractor *shall* update subcontractor's data, as appropriate, during source selection and negotiations.

(5) If there is more than one prospective subcontractor for any given work, the contractor need only submit to the Government *certified cost or pricing data* for the prospective subcontractor most likely to receive the award.

Parent topic: <u>15.404 Proposal analysis.</u>