

GSA ORDER

Subject: General Services Administration Acquisition Manual; GSAM Case 2024-G507, Cost Realism Analysis

1. Purpose. This order transmits a revision to the General Services Administration Acquisition Manual (GSAM) to clarify that a cost realism analysis is not required when establishing multiple-award indefinite-delivery indefinite-quantity (IDIQ) contracts that include the ability to issue cost reimbursement-type orders.
2. Background: On September 23, 2016, the GSA Senior Procurement Executive (SPE) issued Acquisition Letter MV-16-04 to provide a class deviation to FAR 15.404-1 regarding cost realism analyses for multiple-award IDIQ contracts.

FAR 15.404-1(d)(2) requires cost realism analyses to "be performed on cost-reimbursement contracts to determine the probable cost of performance of each offeror." However, determining the probable cost to the Government via a cost realism analysis when establishing a multiple-award IDIQ is of no utility as there are no known cost reimbursement-type requirements at the time the basic contract is established.

Removing the requirement for cost realism analysis at the basic contract level will promote efficiency and a more effective competitive process for the establishment of multiple-award indefinite-delivery contracts.

Moving the requirement for cost realism analysis from the basic contract level to the task order level places it at the right time in the acquisition process. The realism analysis is properly conducted, at the point when the requirements are known. This is in the best interest of the agency as the information provided for the task order will be more accurate to the requested work.

This action adopts the class deviation permanently into the GSAM and cancels MV-16-04. This change does not eliminate the requirement to perform price analyses at the basic contract level; nor does it remove the requirement for cost realism analyses at the order level for cost-reimbursement orders under IDIQ contracts.

3. Effective date: October 8, 2024

4. Explanation of changes: This amendment includes non-regulatory GSAM changes. For full text changes of the amendment see Attachment A, GSAM Text Line-In/Line-Out.

The following is a summary of the non-regulatory changes:

- Add section 515.404-1, *Proposal analysis techniques*, to include the deviation language.
5. Cancellations: This GSAM amendment cancels acquisition letter MV-16-04.
 6. Point of contact: For clarification of content, contact Adina Torberntsson, GSA Acquisition Policy Division, at gsarpolicy@gsa.gov.

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**GSAM Case 2024-G507
GSAM Text, Line-In/Line-Out**

GSAM Baseline: Change 189 effective 10/01/2024

- Additions to baseline made by rule are indicated by **[bold text in brackets]**
- Deletions to baseline made by rule are indicated by ~~strikethroughs~~
- Five asterisks (* * * * *) indicate that there are no revisions between the preceding and following sections
- Three asterisks (* * *) indicate that there are no revisions between the material shown within a subsection

Part 515 - Contracting by Negotiation

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Subpart 515.4 - Contract Pricing

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515.404 Proposal analysis[.]

[515.404-1 *Proposal analysis techniques.*

(a) *FAR deviation.* GSA has a class deviation from FAR 15.404-1(d)(2) that clarifies when a cost realism analysis is required for awards issued by GSA.

(1) *GSA multiple-award indefinite-delivery indefinite-quantity (IDIQ) contracts.* Cost realism analysis is not required at the base contract level when establishing GSA multiple-award IDIQ contracts that include the ability to issue cost-reimbursement orders.

(2) *Cost-reimbursement orders.* A cost realism analysis must be performed at the task order level for cost-reimbursement orders issued against GSA multiple-award IDIQ contracts.

(b) *Contracting officer responsibilities.* Contracting officers must include the following when addressing cost realism:

- (1) *Solicitation requirements for GSA multiple-award IDIQ contracts.***
The solicitation for a GSA multiple-award IDIQ must explain that a cost-realism analysis is not being performed at the IDIQ contract level, but instead will be performed at the task order level for cost-reimbursement orders;
- (2) *Ordering guidance for GSA multiple-award IDIQ contracts.*** The ordering guidance for a GSA multiple-award IDIQ must include instruction that a cost realism analysis shall be performed at the order level for any cost-reimbursement orders; and
- (3) *Solicitation requirements for cost-reimbursement orders.*** The solicitation for a cost-reimbursement task order must include a statement documenting that a cost realism analysis shall be performed as part of the selection decision.]

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