

## 15.406-3 Documenting the negotiation.

(a) The *contracting officer shall* document in the contract file the principal elements of the negotiated agreement. The documentation (*e.g.*, *price* negotiation memorandum (PNM)) *shall* include the following:

- (1) The purpose of the negotiation.
  - (2) A description of the *acquisition*, including appropriate identifying numbers (*e.g.*, RFP No.).
  - (3) The name, position, and organization of each person representing the contractor and the Government in the negotiation.
  - (4) The current status of any contractor systems (*e.g.*, purchasing, estimating, accounting, and compensation) to the extent they affected and were considered in the negotiation.
  - (5) If *certified cost or pricing data* were not required in the case of any *price* negotiation exceeding the *certified cost or pricing data* threshold, the exception used and the basis for it.
  - (6) If *certified cost or pricing data* were required, the extent to which the *contracting officer*-
    - (i) Relied on the *certified cost or pricing data* submitted and used them in negotiating the *price*;
    - (ii) Recognized as inaccurate, incomplete, or noncurrent any *certified cost or pricing data* submitted; the action taken by the *contracting officer* and the contractor as a result; and the effect of the defective data on the *price* negotiated; or
    - (iii) Determined that an exception applied after the data were submitted and, therefore, considered not to be *certified cost or pricing data*.
  - (7) A summary of the contractor's proposal, any field *pricing* assistance recommendations, including the reasons for any pertinent variances from them, the Government's negotiation objective, and the negotiated position. Where the determination of a fair and reasonable *price* is based on cost analysis, the summary *shall* address each major cost element. When determination of a fair and reasonable *price* is based on *price* analysis, the summary *shall* include the source and type of data used to support the determination.
  - (8) The most significant facts or considerations controlling the establishment of the prenegotiation objectives and the negotiated agreement including an explanation of any significant differences between the two positions.
  - (9) To the extent such direction has a significant effect on the action, a discussion and quantification of the impact of direction given by Congress, other agencies, and higher-level officials (*i.e.*, officials who would not normally exercise authority during the award and review process for the instant contract action).
  - (10) The basis for the profit or fee prenegotiation objective and the profit or fee negotiated.
  - (11) Documentation of fair and reasonable *pricing*.
- (b) Whenever field *pricing* assistance has been obtained, the *contracting officer shall* forward a copy

of the negotiation documentation to the office(s) providing assistance. When appropriate, information on how advisory field support can be made more effective *should* be provided separately.

**Parent topic:** 15.406 Documentation.