



ACQUISITION  
AND SUSTAINMENT

OFFICE OF THE ASSISTANT SECRETARY OF WAR  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

In reply refer to  
DARS Tracking Number: 2026-O0048

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Revolutionary Federal Acquisition Regulation (FAR) Overhaul  
Part 15, Defense FAR Supplement (DFARS) Part 215

Effective March 16, 2026, contracting officers shall use—

- The revised FAR Part 15, Contracting by negotiation, published on the Revolutionary FAR Overhaul web page at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-15> in lieu of the text codified at 48 CFR chapter 1 (<https://www.ecfr.gov>).
- The attached DFARS Part 215, Contracting by negotiation, in lieu of the text codified at 48 CFR chapter 2; and
- The attached DFARS Procedures, Guidance, and Information (PGI) 215, Contracting by negotiation and the associated direction at PGI 253, in lieu of the PGI text published on the Defense Pricing, Contracting, and Acquisition Policy web page at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

This class deviation implements the following:

- Section 2 of E.O. 14275, Restoring Common Sense to Federal Procurement, which establishes the policy that the FAR “should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed.”

- Section 4(a) of E.O. 14265, Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base which requires the Secretary of War to eliminate or revise any unnecessary supplemental regulations or any other internal guidance, such as relevant parts of the Financial Management Regulation and Defense Federal Acquisition Regulation Supplement.
- The Office of Management and Budget memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, which provided additional guidance to federal agencies regarding the FAR overhaul.

This class deviation remains in effect until rescinded or incorporated into the FAR, DFARS, and DFARS PGI. Inquiries regarding this class deviation can be addressed to [osd.pentagon.ousd-a-s.mbx.dfars@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dfars@mail.mil).

John M. Tenaglia  
Principal Director,  
Defense Pricing, Contracting, and  
Acquisition Policy

Attachments:  
As stated

## **PART 215—CONTRACTING BY NEGOTIATION**

### **SUBPART 215.1—PRESOLICITATION AND SOLICITATION**

#### **215.100 Scope.**

#### **215.102 Structuring a request for proposals.**

See PGI 205.101-70 for use of the Solicitation Module within the Procurement Integrated Enterprise Environment.

#### **215.103 Developing a competitive source selection approach.**

##### **215.103-1 Tradeoff approach.**

##### **215.103-170 Tradeoff approach when acquiring fuel for overseas contingency operations.**

(a) Consider using a tradeoff approach as described at FAR 15.103-1 when conducting a source selection for the acquisition of fuel for an overseas contingency operation that is expected to exceed the simplified acquisition threshold (section 843 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022 (Pub. L. 117-81)). Consider using the following evaluation factors for the acquisition:

- (1) Past performance.
- (2) Cost.
- (3) Anticorruption training.
- (4) Anticorruption compliance.

(b) If not considered, prior to the issuance of the solicitation, prepare a written justification describing the reasons why a tradeoff approach was not considered.

- (1) Obtain approval by an official one level above the contracting officer.
- (2) Include the approved justification in the contract file.

##### **215.103-2 Lowest price technically acceptable approach.**

##### **215.103-270 Limitations and prohibitions.**

The following limitations and prohibitions apply when considering the use of the lowest price technically acceptable source selection procedures.

(a) Limitations. Section 813 of the NDAA for FY 2017 (Pub. L. 114-328) limits use of the lowest price technically acceptable source selection approach.

(1) Use the lowest price technically acceptable source selection approach when—

(i) Minimum requirements can be described clearly and comprehensively and expressed in terms of performance objectives, measures, and standards that will be used to determine the acceptability of offers,

(ii) No, or minimal, value will be realized from a proposal that exceeds the minimum technical or performance requirements,

(iii) The proposed technical approaches will require no, or minimal, subjective judgment by the source selection authority as to the desirability of one offeror's proposal versus a competing proposal,

(iv) The source selection authority has a high degree of confidence that reviewing the technical proposals of all offerors would not result in the identification of characteristics that could provide value or benefit,

(v) No, or minimal, additional innovation or future technological advantage will be realized by using a different source selection approach,

(vi) The acquisition consists of goods that are predominantly expendable in nature, are nontechnical, or have a short life expectancy or short shelf life (See PGI 215.103.270(a)(1)(vi))

(vii) The contract file contains a determination that the lowest price reflects full life-cycle costs (as defined at FAR 7.101) of the product(s) or service(s) being acquired (see PGI 215.103.270(a)(1)(vii) for information on obtaining this determination), and

(viii) The contracting officer documents the contract file describing the circumstances justifying the use of the lowest price technically acceptable source selection approach.

(2) Avoid using the lowest price technically acceptable source selection approach, to the maximum extent practicable, for acquisitions that are predominately for—

(i) Information technology services, cybersecurity services, systems engineering and technical assistance services, advanced electronic testing, or other knowledge-based professional services;

(ii) Items designated by the requiring activity as personal protective equipment (except see paragraph (b)(1) of this section); or

(iii) Services designated by the requiring activity as knowledge-based training or logistics services in contingency operations or other operations outside the United States.

(b) *Prohibitions.* Do not use the lowest price technically acceptable source selection approach to procure—

(1) Items designated by the requiring activity as personal protective equipment or as an aviation critical safety item, for which the level of quality or failure of the equipment or item could result in combat casualties. (Section 814 of the NDAA for FY 2017 (Pub. L. 114-328) and section 882 of the NDAA for FY 2018

(Pub. L. 115-91)). See 252.209-7010 for the definition and identification of critical safety items.

(2) Engineering and manufacturing development for a major defense acquisition program (10 U.S.C. 4232).

(3) Auditing services. Make award decisions based on best value factors and criteria, as determined by the resource sponsor in accordance with agency procedures. (10 U.S.C. 240f)

**215.103-70 Source selection approach when acquiring tents or other temporary structures.**

(a) When acquiring tents or other temporary structures for use by the Armed Forces, award contracts that provide the best value to the Government (section 368 of the NDAA for FY 2012 (Pub. L. 112-81)).

(1) Temporary structures are nonpermanent buildings, including tactical shelters, nonpermanent modular or pre-fabricated buildings, or portable or relocatable buildings, such as trailers or equipment configured for occupancy (see also 246.270-2).

(2) Determination of best value includes consideration of the total life-cycle costs of such tents or structures, including the costs associated with any equipment, fuel, or electricity needed to heat, cool, or light such tents or structures (see FAR 7.103(a)(6) and PGI 207.104-70 (b)(1)(ii)).

(b) The requirements of this section apply to any agency or department that acquires tents or other temporary structures on behalf of DoD (see FAR 17.503(d)(2)).

**215.104-70 Establishing competitive evaluation factors and significant subfactors.**

*Required factors.*

(a) In acquisitions that require use of the clause at FAR 52.219-9, Small Business Subcontracting Plan, other than those based on the lowest price technically acceptable source selection process (see FAR 15.103-2), the extent of participation of small businesses to include service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns in performance of the contract must be addressed in source selection. The contracting officer must evaluate the extent to which offerors identify and commit to small business performance of the contract, whether as a joint venture, teaming arrangement, or subcontractor.

(1) See PGI 215.104-70(a)(1) for examples of evaluation factors.

(2) Proposals addressing the extent of small business performance must be separate from subcontracting plans submitted pursuant to the clause at FAR 52.219-9 and must be structured to allow for consideration of offers from small businesses.

(3) When an evaluation assesses the extent that small businesses are specifically identified in proposals, the small businesses considered in the evaluation must be listed in any subcontracting plan submitted pursuant to FAR 52.219-9 to facilitate compliance with 252.219-7996(e) (15 U.S.C. 637(d)(7) and (9)).

(b) Consider the purchase of capital assets (including machine tools) manufactured in the United States, in source selections for all major defense acquisition programs (10 U.S.C. 4293).

(c) Include an evaluation factor regarding supply chain risk (see subpart 240.271) when acquiring information technology, whether as a service or as a supply that is a covered system, is a part of a covered system, or is in support of a covered system (See 240.271-2). For additional guidance see PGI 215.104-70(c).

(d) Ensure source selections emphasize sustainment factors and objective reliability and maintainability evaluation criteria in competitive contracts for the—

(1) Technical maturation and risk reduction phase of weapon system design (see guidance at PGI 207.104-70(b)(2)(v)(B)(2));

(2) Engineering and manufacturing development phase of a weapon system, including embedded software (10 U.S.C. 4328); or

(3) Production and deployment phase of a weapon system, including embedded software (10 U.S.C. 4328).

(e) See PGI 226.7202-1 for an additional evaluation factor required in solicitations when using the Demonstration Project for Contractors Employing Persons with Disabilities (section 888 of the NDAA for FY 2019).

(f) Supplier Performance Risk System

(1) When procuring supplies or services, use Supplier Performance Risk System (SPRS) assessments of price risk and supplier risk as a part of the award decision. See 204.7603.

(2) When procuring an end product identified by a material identifier that is available as described at PGI 204.7603, the contracting officer must also consider SPRS assessments of item risk in the award decision.

(g) In lieu of the direction at FAR 15.104(b)(3)(i), evaluate past performance for negotiated acquisitions when the value of the contract, task order or delivery order exceeds the following thresholds:

(1) Systems and operations support (including fuels) expected to exceed \$5 million.

(2) Services (including health care) expected to exceed \$1 million.

(3) Information technology expected to exceed \$1 million.

(4) Ship repair and overhaul expected to exceed \$500,000.

**215.104-71 Evaluation factor for employing or subcontracting with members of the Selected Reserve.**

(a) *Definition.* As used in this section—

“Selected Reserve,” has the meaning given that term in 10 U.S.C. 10143. Selected Reserve members normally attend regular drills throughout the year and are the group of Reserves most readily available to the President.

(b) *Evaluation factor.*

Contracting officers may use an evaluation factor that considers whether an offeror intends to perform the contract using employees or individual subcontractors who are members of the Selected Reserve (section 819 of the NDAA for FY 2006). See PGI 215.104-71(b) for guidance on use of this evaluation factor.

(c) *Contract clause.*

Insert the clause at 252.215-7006, Use of Employees or Individual Subcontractors Who Are Members of the Selected Reserve, in solicitations and resulting contracts that include an evaluation factor considering whether an offeror intends to perform the contract using employees or individual subcontractors who are members of the Selected Reserve.

**215.105 Other considerations.**

**215.105-470 Request for cost or pricing data.**

(a) When following the contract cost principles in FAR subpart 31.2, Contracts With Commercial Organizations (see FAR 42.1301(b)), request contractors submit forward pricing rate proposals using the checklist at Table 215.105-470 (FAR 15.105-4(b)(1)(ii)). Provide the checklist to the contractor and require submission of the forward pricing rate proposal at least 90 days prior to the proposed effective date of the rates.

**Table 215.105-470 – Contractor Forward Pricing Rate Proposal Adequacy Checklist**

Complete the following checklist, providing the location of requested information, or an explanation of why the requested information is not provided, and submit it with the forward pricing rate proposal.

Contractor Forward Pricing Rate Proposal Adequacy Checklist

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
1.	<p>Is there a properly completed first page of the proposal as specified by the contracting officer?  Initial proposal elements include:</p> <ol style="list-style-type: none"> <li>a. Name and address of contractor;</li> <li>b. Name and telephone number of point of contact;</li> <li>c. Period covered;</li> <li>d. The page of the proposal that addresses— <ol style="list-style-type: none"> <li>1. Whether your organization is subject to cost accounting standards (CAS);</li> <li>2. Whether your organization has submitted a CAS Disclosure Statement, and whether it has been determined adequate;</li> <li>3. Whether you have been notified that you are or may be in noncompliance with your Disclosure Statement or CAS (other than a noncompliance that the cognizant Federal agency official had determined to have an immaterial cost impact), and if yes, an explanation;</li> <li>4. Whether any aspect of this proposal is inconsistent with your disclosed practices or applicable CAS, and, if so, an explanation; and whether the proposal is consistent with established estimating and accounting principles and procedures and FAR part 31, Cost Principles, and, if not, an explanation;</li> </ol> </li> <li>e. The following statement: “This forward pricing rate proposal reflects our estimates, as of the date of submission entered in (f) below and</li> </ol>	Proposal Cover Page	

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
	<p>conforms with Table 215.105-470. By submitting this proposal, we grant the Contracting Officer and authorized representative(s) the right to examine those records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form or whether such supporting information is specifically referenced or included in the proposal as the basis for each estimate, that will permit an adequate evaluation of the proposed rates and factors.”;</p> <p>f. Date of submission; and</p> <p>g. Name, title, and signature of authorized representative.</p>		
2.	<p>Summary of proposed direct and indirect rates and factors, including the proposed pool and base costs for each proposed indirect rate and factor.</p>	Immediately following the proposal cover page	
3.	<p>Table of Contents or index.</p> <p>a. Does the proposal include a table of contents or index identifying and referencing all supporting data accompanying or identified in the proposal?</p> <p>b. For supporting documentation not provided with the proposal, does the basis of each estimate in the proposal include the location of the documentation and the point of contact (custodian) name, phone number, and email address?</p>		
4.	<p>Does the proposal disclose known or anticipated changes in business activities or processes that could materially impact the proposed rates (if not previously provided)? For example—</p> <p>a. Management initiatives to reduce costs;</p>		

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
	b. Changes in management objectives as a result of economic conditions and increased competitiveness; c. Changes in accounting policies, procedures, and practices including (i) reclassification of expenses from direct to indirect or vice versa; (ii) new methods of accumulating and allocating indirect costs and the related impact; and (iii) advance agreements; d. Company reorganizations (including acquisitions or divestitures); e. Shutdown of facilities; or f. Changes in business volume and/or contract mix/type.		
5.	Do proposed costs based on judgmental factors include an explanation of the estimating processes and methods used, including those used in projecting from known data?		
6.	Does the proposal show trends and budgetary data? Does the proposal provide an explanation of how the data, as well as any adjustments to the data, were used?		
7.	The proposal should reconcile to the supporting data referenced. If the proposal does not reconcile to the supporting data referenced, identify applicable page(s) and explain.		
8.	The proposal should be internally consistent. If the proposal is not internally consistent, identify applicable page(s) and explain.		
<u>Direct Labor</u>			
9.	Direct Labor Rates Methodology and Basis of Each Estimate. a. Does the proposal include an explanation of the methodology used to develop the direct labor rates and identify the basis of each estimate?		

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
	b. Does the proposal include or identify the location of the supporting documents for the base-period labor rates (e.g., payroll records)?		
10.	Does the proposal identify escalation factors for the out-year labor rates, the costs to which escalation is applicable, and the basis of each factor used?		
11.	Does the proposal identify planned or anticipated changes in the composition of labor rates, labor categories, union agreements, headcounts, or other factors that could significantly impact the direct labor rates?		
<u>Indirect Rates (Fringe, Overhead, G&amp;A, etc.)</u>			
12.	Indirect Rates Methodology and Basis of Each Estimate. a. Does the proposal identify the basis of each estimate and provide an explanation of the methodology used to develop the indirect rates? b. Does the proposal include or identify the location of the supporting documents for the proposed rates?		
13.	Does the proposal identify indirect expenses by burden center, by cost element, by year (including any voluntary deletions, if applicable) in a format that is consistent with the accounting system used to accumulate actual expenses?		
14.	Does the proposal identify any contingencies?		
15.	Does the proposal identify planned or anticipated changes in the nature, type, or level of indirect costs, including fringe benefits?		
16.	Does the proposal identify corporate, home office, shared services, or other		

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
	incoming allocated costs and the source for those costs, including location and point of contact (custodian) name, phone number, and email address?		
17.	Does the proposal separately identify all intermediate cost pools and provide a reconciliation to show where the costs will be allocated?		
18.	Does the proposal identify the escalation factors used to escalate indirect costs for the out-years, the costs to which escalation is applicable, and the basis of each factor used?		
19.	Does the proposal provide details of the development of the allocation base?		
20.	Does the proposal include or reference the supporting data for the allocation base such as program budgets, negotiation memoranda, proposals, contract values, etc.?		
21.	Does the proposal identify how the proposed allocation bases reconcile with its long-range plans, strategic plan, operating budgets, sales forecasts, program budgets, etc.?		
<u>Cost of Money (COM)</u>			
22.	<p>Cost of Money.</p> <p>a. Are Cost of Money rates submitted on Form CASB-CMF, with the Treasury Rate used to compute COM identified and a summary of the net book value of assets, identified as distributed and non-distributed?</p> <p>b. Does the proposal identify the support for the Form CASB-CMF, for example, the underlying reports and records supporting the net book value of assets contained in the form?</p>		
<u>OTHER</u>			

	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No. (if applicable)</u>	<u>If not provided, EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
23.	Does the proposal include a comparison of prior forecasted costs to actual results in the same format as the proposal and an explanation/analysis of any differences?		
24.	If this is a revision to a previous rate proposal or a forward pricing rate agreement, does the new proposal provide a summary of the changes in the circumstances or the facts that the contractor asserts require the change to the rates?		

**215.105-5 Make-or-buy decision.**

(c)(2) RFP requirements. See PGI 215.105-5, for guidance on factors to consider when deciding whether to request a make-or-buy plan.

(d) Required information from offerors.

(1)(i) The minimum dollar amount is \$1.5 million.

**215.110 Solicitation provisions and contract clauses.**

(a)(1) For source selections when the procurement is valued at \$100 million or more, contracting officers should use the provision at FAR 52.215-1, Instructions to Offerors—Competitive Acquisition, with its Alternate I.

**215.110-70 Solicitation provisions and contract clauses.**

(a) Insert the clause at 252.215-7002, Cost Estimating System Requirements, in all solicitations and contracts to be awarded on the basis of certified cost or pricing data.

(b) When contracting with the Canadian Commercial Corporation, including solicitations using part 12 procedures for the acquisition of commercial products and commercial services—

(1)(i) Insert the provision at 252.215-7990, Requirement for Submission of Data Other Than Certified Cost or Pricing Data—Canadian Commercial Corporation—

(A) In lieu of 252.215-7994, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, in a solicitation for a sole source acquisition that is—

(1) Cost-reimbursement, if the contract value is expected to exceed \$700,000; or

(2) Fixed-price, if the contract value is expected to exceed \$500 million; or

(B) In lieu of 252.215-7994 for a sole source acquisition that does not meet the thresholds specified in paragraph (b)(1)(i)(A), if approval is obtained as required at 225.870-4(c)(2)(ii); and

(ii) Do not use 252.225-7990 in lieu of 252.215-7994 in competitive acquisitions; and

(2)(i) Insert the clause at 252.215-7991, Requirement for Submission of Data Other Than Certified Cost or Pricing Data—Modifications—Canadian Commercial Corporation—

(A) In a solicitation for a sole source acquisition and resultant contract that is—

(1) Cost-reimbursement, if the contract value is expected to exceed \$700,000; or

(2) Fixed-price, if the contract value is expected to exceed \$500 million;

(B) In a solicitation for a sole source acquisition and resultant contract that does not meet the thresholds specified in paragraph (b)(2)(i)(A), if approval is obtained as required at 225.870-4(c)(2)(ii); or

(C)(1) In a solicitation for a competitive acquisition that includes FAR 52.215-21, Requirement for Data Other Than Certified Cost or Pricing Data—Modifications, or that meets the thresholds specified in paragraph (b)(2)(i)(A) of this section.

(2) Insert the appropriate clause to include in the contract (52.215-21 only if award is not to the Canadian Commercial Corporation; or 252.215-7991 if award is to the Canadian Commercial Corporation and necessary approval is obtained in accordance with 225.870-4(c)(2)(ii)); and

(ii) Contracting officers may specify a higher threshold in paragraph (b) of the clause 252.215-7991.

(c) Insert the provision at 252.215-7992, Only One Offer, in competitive solicitations that exceed the simplified acquisition threshold, including solicitations using FAR part 12 procedures for the acquisition of commercial products and commercial services.

(d) When the solicitation requires the submission of certified cost or pricing data, the contracting officer should include 252.215-7993, Proposal Adequacy

Checklist, in the solicitation to facilitate submission of a thorough, accurate, and complete proposal.

(e) When reasonably certain that the submission of certified cost or pricing data or data other than certified cost or pricing data will be required or when inserting the provision at 252.215-7992—

(1) Insert the basic or alternate of the provision at 252.215-7994, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, in lieu of the provision at FAR 52.215-20, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, in solicitations, including solicitations using FAR part 12 procedures for the acquisition of commercial products and commercial services.

(i) Insert the basic provision when submission of certified cost or pricing data is required to be in the FAR Table 15-1 format, or if it is anticipated, at the time of solicitation, that the submission of certified cost or pricing data may not be required.

(ii) Insert the alternate I provision to specify a format for certified cost or pricing data other than the format required by FAR Table 15-1.

(2) Insert the provision at 252.215-7011, Requirements for Submission of Proposals to the Administrative Contracting Officer and Contract Auditor, when using the basic or alternate of the provision at 252.215-7994 and copies of the proposal are to be sent to the ACO and contract auditor; and

(3) Insert the provision at 252.215-7012, Requirements for Submission of Proposals via Electronic Media, when using the basic or alternate of the provision at 252.215-7994 and submission via electronic media is required.

(f) Insert the provision at 252.215-7013, Supplies and Services Provided by Nontraditional Defense Contractors, in all solicitations.

(g) Insert the clause at 252.215-7014, Exception from Certified Cost or Pricing Data Requirements for Foreign Military Sales Indirect Offsets, in solicitations and contracts that contain the provision at 252.215-7994, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, when it is reasonably certain that—

(1) The contract is expected to include costs associated with an indirect offset; and

(2) The submission of certified cost or pricing data or data other than certified cost or pricing data will be required.

(h) Insert the clause at 252.215-7995, Program Should-Cost Review, in all solicitations and contracts for the development or production of a major weapon system, as defined in 234.7001.

## **SUBPART 215.2—EVALUATION AND AWARD**

### **215.200 Scope.**

Follow the procedures at PGI 215.200 when conducting negotiated, competitive acquisitions using FAR part 15 procedures.

### **215.201 Source selection responsibilities.**

(b)(2) For high-dollar value and other acquisitions, as prescribed by agency procedures, the source selection authority must approve a source selection plan before the solicitation is issued. Follow the procedures at PGI 215.201(b)(2) for preparation of the source selection plan.

### **215.202-70 Evaluating competitive proposals.**

#### *(a) Past performance evaluation.*

(1) When a past performance evaluation is required by FAR 15.104, and the solicitation includes the clause at FAR 52.219-8, Utilization of Small Business Concerns, the evaluation factors must include the past performance of offerors in complying with requirements of that clause. When a past performance evaluation is required by FAR 15.104, and the solicitation includes the clause at FAR 52.219-9, Small Business Subcontracting Plan, the evaluation factors must include the past performance of offerors in complying with requirements of that clause.

(2) Contracting officers will consider an offeror's failure to make a good faith effort to comply with its comprehensive subcontracting plan under the Test Program described at 219.702-70 as part of the evaluation of the past performance.

(3) When evaluating the past performance of an offeror that is a small business concern in response to a competitive solicitation, contracting officers will consider relevant past performance information provided for affiliates of the offeror (section 865 of Pub. L. 118-31).

### **215.202-71 Only one offer.**

#### *(a) Policy.* If only one offer is received in response to a competitive solicitation—

(1) Take actions to promote competition (see 215.202-71(b)); and

(2) Ensure that the price is fair and reasonable (see 215.202-71(c)) and complies with the statutory requirement for certified cost or pricing data (see FAR 15.403-3 and DFARS 215.403-3(a)).

#### *(b) Promote competition.* Except as provided in paragraphs 215.202-71(d) and 215.202-71(e) of this section—

(1) If only one offer is received when competitive procedures were used and the solicitation allowed fewer than 30 days for receipt of proposals, the contracting officer must—

(i) Consult with the requiring activity as to whether the requirements document should be revised to promote more competition (see FAR 6.003(a) and 11.102); and

(ii) Resolicit, allowing an additional period of at least 30 days for receipt of proposals; and

(2) For competitive solicitations in which more than one potential offeror expressed an interest in an acquisition, but only one offer was ultimately received, follow the procedures at PGI 215.202-71(b)(2).

(c) *Fair and reasonable price and the requirement for additional cost or pricing data.* For acquisitions that exceed the simplified acquisition threshold, if only one offer is received when competitive procedures were used and it is not necessary to resolicit in accordance with 215.202-71(b)(1), then the contracting officer must comply with the following:

(1) If no additional cost or pricing data are required to determine through cost or price analysis that the offered price is fair and reasonable, the contracting officer must require that any cost or pricing data provided in the proposal be certified if the acquisition exceeds the certified cost or pricing data threshold and an exception to the requirement for certified cost or pricing data at FAR 15.403-2(b)(2) through (5) does not apply.

(2) Otherwise, the contracting officer must obtain additional cost or pricing data to determine a fair and reasonable price. If the acquisition exceeds the certified cost or pricing data threshold and an exception to the requirement for certified cost or pricing data at FAR 15.403-2(b)(2) through (5) does not apply, the cost or pricing data must be certified.

(3) If the contracting officer is still unable to determine that the offered price is fair and reasonable, the contracting officer must enter into negotiations with the offeror to establish a fair and reasonable price. The negotiated price should not exceed the offered price.

(4) If the contracting officer is unable to negotiate a fair and reasonable price, see FAR 15.407(d).

(d) *Exceptions.*

(1) The requirements at 215.202-71(b) do not apply to—

(i) Acquisitions at or below the simplified acquisition threshold;

(ii) Acquisitions, as determined by the head of the contracting activity, in support of contingency or humanitarian or peacekeeping operations; to facilitate defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack; to facilitate the provision of international disaster assistance; or to support response to an emergency or major disaster;

(iii) Small business set-asides under FAR 19.104, set-asides offered and accepted into the 8(a) Program under FAR 19.108, or set-asides under the HUBZone Program (see FAR 19.105-2), the Service-Disabled Veteran-Owned Small Business Procurement Program (see FAR 19.106-2), or the Women-Owned Small Business Program (see FAR 19.107-2);

(iv) Acquisitions of science and technology, as specified in 235.172;

(v) Acquisitions of architect-engineer services (see FAR 36.102-2);

(vi) Acquisitions under a commercial solutions opening pursuant to subpart 212.70; or

(vii) Acquisitions of commercial products and commercial services using FAR part 12 procedures.

(2) An exception in paragraph (d)(1) of this section does not eliminate the need for the contracting officer to seek maximum practicable competition and to ensure that the price is fair and reasonable.

(e) *Waiver.*

(1) The head of the contracting activity is authorized to waive the requirement at 215.202-71(b) to resolicit for an additional period of at least 30 days.

(2) This waiver authority cannot be delegated below one level above the contracting officer.

(f) *Solicitation provision.* Insert the provision at [252.215-7007](#), Notice of Intent to Resolicit, in competitive solicitations that will be solicited for fewer than 30 days, unless an exception at 215.202-71(d) applies or the requirement is waived in accordance with 215.202-71(e).

#### **215.204-2 Competitive negotiations.**

(a) *General.* For acquisitions with an estimated value of \$100 million or more, contracting officers should conduct negotiations. Follow the procedures at FAR 15.204.

#### **215.206-1 Preaward notices.**

If the Government exercises the authority provided in 240.271-6, the notifications to unsuccessful offerors must not reveal any information that is determined to be withheld from disclosure in accordance with 10 U.S.C. 3252 (see subpart 240.271).

#### **215.207-2 Award notice.**

If the Government exercises the authority provided in 240.271-6, the notifications to unsuccessful offerors must not reveal any information that is determined to be withheld from disclosure in accordance with 10 U.S.C. 3252 (see subpart 240.271).

### **SUBPART 215.3—POSTAWARD**

#### **215.301 Postaward debriefing of offerors.**

##### **215.301-170 Debriefing process.**

(a) Notwithstanding FAR 15.301-1(b), when requested by a successful or unsuccessful offeror, a written or oral debriefing is required for contract awards valued at \$15 million or more (section 818 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018 (Pub. L. 115-91)).

(b) In addition to the requirements of FAR 15.301-1(c), the minimum debriefing information must include the following:

(1) For award of a contract in excess of \$15 million and not in excess of \$150 million with a small business or nontraditional defense contractor, an option for the small business or nontraditional defense contractor to request disclosure of the agency's written source selection decision document, redacted to protect the confidential and proprietary information of other offerors for the contract award.

(2) For award of a contract in excess of \$150 million, disclosure of the agency's written source selection decision document, redacted to protect the confidential and proprietary information of other offerors for the contract award.

(c) If the Government exercises the authority provided in 240.271-6, the notifications to unsuccessful offerors must not reveal any information that is determined to be withheld from disclosure in accordance with 10 U.S.C. 3252 (see subpart 240.271).

**215.301-270 Opportunity for follow-up questions.**

When providing a required postaward debriefing to successful and unsuccessful offerors, contracting officers must—

(a) Provide an opportunity to submit additional written questions related to the required debriefing not later than 2 business days after receiving the postaward debriefing;

(b) Respond in writing to timely submitted additional questions within 5 business days after receipt of the questions; and

(c) Not consider the postaward debriefing to be concluded until the later of—

(1) The date that the postaward debriefing is delivered, orally or in writing;  
or

(2) If additional written questions related to the debriefing are timely received, the date the agency delivers its written response.

**215.301-70 Solicitation provision.**

Insert the provision at 252.215-7996, Notification to Offerors—Postaward Debriefings, in competitive negotiated solicitations for contract awards valued at \$15 million or more, including solicitations using FAR part 12 procedures for the acquisition of commercial products and commercial services.

**215.304-70 Voluntary disclosure of defective certified cost or pricing data after award.**

Use PGI 215.304-70 when a contractor voluntarily discloses defective pricing after contract award.

**215.305 Estimating systems.**

**215.305-70 Disclosure, maintenance, and review requirements.**

(a) *Definitions.* As used in this section—

“Acceptable estimating system” means an estimating system that complies with the system criteria in paragraph (d) of 252.215-7002, Cost Estimating System Requirements, and provides for a system that—

- (1) Is maintained, reliable, and consistently applied;
- (2) Produces verifiable, supportable, documented, and timely cost estimates that are an acceptable basis for negotiation of fair and reasonable prices;
- (3) Is consistent with and integrated with the contractor’s related management systems; and
- (4) Is subject to applicable financial control systems.

“Contractor” means a business unit as defined in FAR 2.101.

“Estimating system” means the contractor’s policies, procedures, and practices for budgeting and planning controls and for generating estimates of costs and other data included in proposals submitted to customers in the expectation of receiving contract awards. Estimating system includes the contractor’s—

- (1) Organizational structure;
- (2) Established lines of authority, duties, and responsibilities;
- (3) Internal controls and managerial reviews;
- (4) Flow of work, coordination, and communication; and
- (5) Budgeting, planning, estimating methods, techniques, accumulation of historical costs, and other analyses used to generate cost estimates.

(b) Applicability.

(1) Contractors are required to have acceptable estimating systems that consistently produce well-supported proposals that are acceptable as a basis for negotiation of fair and reasonable prices.

(2) A large business contractor is subject to estimating system disclosure, maintenance, and review requirements if—

(i) In its preceding fiscal year, the contractor received DoD prime contracts or subcontracts totaling \$50 million or more for which certified cost or pricing were required; or

(ii) In its preceding fiscal year, the contractor received DoD prime contracts or subcontracts totaling \$10 million or more (but less than \$50 million) for which certified cost or pricing data were required and the contracting officer, with concurrence or at the request of the ACO, determines it to be in the best interest of the Government (e.g., significant estimating problems are believed to exist or the contractor's sales are predominantly Government).

(c) *Policy.*

(1) The contracting officer must—

(i) Insert the cause at 252.215-7002, Cost Estimating System Requirements, to apply the disclosure, maintenance, and review requirements to large business contractors meeting the criteria in paragraph (b)(2)(i) of this section,

(ii) Consider whether to apply the disclosure, maintenance, and review requirements to large business contractors under paragraph (b)(2)(ii) of this section, and

(iii) Not apply the disclosure, maintenance, and review requirements to other than large business contractors.

(2) The cognizant contracting officer, in consultation with the auditor, for contractors subject to paragraph (b)(2) of this section, must—

(i) Determine the acceptability of the disclosure and approve or disapprove the system, and

(ii) Pursue correction of any weaknesses or deficiencies.

(3) The auditor conducts estimating system reviews.

(4) An acceptable system must provide for the use of appropriate source data, utilize sound estimating techniques and good judgment, maintain a consistent approach, and adhere to established policies and procedures.

(5) In evaluating the acceptability of a contractor's estimating system, the contracting officer, in consultation with the auditor, must determine whether the contractor's estimating system complies with the system criteria for an acceptable estimating system as prescribed in the clause at 252.215-7002, Cost Estimating System Requirements.

(d) *Disposition of findings—*

(1) Reporting of findings. The auditor must document findings and recommendations in a report to the contracting officer. If the auditor identifies any material weaknesses, the report must describe the underlying deficiencies in sufficient detail to ensure the contracting officer understands the weaknesses or deficiencies.

(2) *Initial determination.*

(i) Review all findings and recommendations and, if there are no material weaknesses, promptly notify the contractor, in writing, that the contractor's estimating system is acceptable and approved; or

(ii) If there are one or more material weaknesses due to the contractor's failure to meet one or more of the estimating system criteria in the clause at 252.215-7002, the contracting officer must—

(A) Promptly make an initial written determination on any material weaknesses and notify the contractor, in writing, providing a description of each material weakness in sufficient detail to allow the contractor to understand the deficiency (see PGI 215.305-70(d)(2));

(B) Require the contractor to respond, in writing, to the initial determination within 30 days; and

(C) Promptly evaluate the contractor's responses to the initial determination, in consultation with the auditor or functional specialist, and make a final determination.

(3) *Final determination.*

(i) Make a final determination and notify the contractor, in writing, that—

(A) The contractor's estimating system is acceptable and approved, and no material weaknesses remain; or

(B) Material weaknesses remain. Identify any remaining material weaknesses and indicate the adequacy of any proposed or completed corrective action. The contracting officer must—

(1) Request that the contractor, within 45 days of receipt of the final determination, either correct the deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the weaknesses;

(2) Disapprove the system in accordance with the clause at 252.215-7002; and

(3) Withhold payments in accordance with the clause at 252.242-7005, Contractor Business Systems, if the clause is included in the contract.

(ii) Follow the procedures relating to monitoring a contractor's corrective action and the correction of material weaknesses in PGI 215.305-70(d)(3).

(e) *System approval.* Promptly approve a previously disapproved estimating system and notify the contractor there are no remaining material weaknesses.

(f) *Contracting officer notifications.* Distribute copies of a determination to approve a system, disapprove a system and withhold payments, or approve a previously disapproved system and release withheld payments, to the auditor; payment office; affected contracting officers at the buying activities; and cognizant contracting officers in contract administration activities.

## SUBPART 215.4—CONTRACT PRICING

### 215.401 Definitions.

As used in this subpart—

“Market prices” means current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offerors.

“Relevant sales data” means information on sales of the same or similar items that can be used to establish price reasonableness taking into consideration the age, volume, and nature of the transactions (including any related discounts, refunds, rebates, offsets or other adjustments).

### **215.402-70 General.**

#### *Requirement for cost or pricing data.*

(a) Pursuant to section 831 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2013 (Pub. L. 112-239)—

(1) The contracting officer is responsible for determining if the information provided by the offeror is sufficient to determine price reasonableness. This responsibility includes determining whether information on the prices at which the same or similar items have previously been sold is adequate for evaluating the reasonableness of price, and determining the extent of uncertified cost data that should be required in cases in which price information is not adequate,

(2) Do not limit the Government’s ability to obtain information that may be necessary to support a determination of fair and reasonable pricing by agreeing to contract terms that preclude obtaining necessary supporting information, and

(3) When obtaining uncertified cost data, require the offeror to provide the information in the form in which it is regularly maintained in the offeror’s business operations.

(b) Follow the procedures at PGI 215.402-70(b) when conducting cost or price analysis, particularly for sole source acquisitions of commercial products or commercial services.

### **215.403 Obtaining cost or pricing data.**

#### **215.403-1 Data other than certified cost or pricing data.**

(b)(1) Follow the procedures at PGI 215.403-1(b)(1) for clarification of terms used in this subpart.

#### **215.403-170 Contracting officer responsibilities.**

(a) Do not determine the price of a contract or subcontract to be fair and reasonable based solely on historical prices paid by the Government (10 U.S.C. 3705(a)). See 215.404-170 and PGI 215.403-170(a).

(b) If an offeror does not respond to a request for other than certified cost or pricing data, follow the procedures at PGI 215.403-170(b). In lieu of the factors for consideration listed in FAR 15.403-1(d), the head of the contracting activity must make a determination that it is in the best interest of the Government to make the award to an offeror that does not make a good faith effort to comply with a reasonable request to submit data other than certified cost or pricing data based on consideration of pertinent factors, including the following (10 U.S.C. 3705(b)):

- (1) The effort to obtain the data.
- (2) Availability of other sources of supply of the item or service.
- (3) The urgency or criticality of the Government's need for the item or service.
- (4) Reasonableness of the price of the contract, subcontract, or modification of the contract or subcontract based on information available to the contracting officer.
- (5) Rationale or justification made by the offeror for not providing the requested data.
- (6) Risk to the Government if award is not made.

(c) For determinations of price reasonableness of major weapon systems acquired as commercial products, see 234.7002(e).

**215.403-270 Prohibition on obtaining certified cost or pricing data.**

(a) *Exceptions to certified cost or pricing data requirements.*

- (1) Follow the procedures at PGI 215.403-270(a)(1).
- (2) Submission of certified cost or pricing data is not required in the case of a contract, subcontract, or modification of a contract or subcontract to the extent such data relates to an indirect offset (10 U.S.C. 3703).
- (3) Adequate price competition.
  - (i) For acquisitions under dual or multiple source programs—
    - (A) Make the determination of adequate price competition on a case-by-case basis. Even when adequate price competition exists, in certain cases it may be appropriate to obtain additional data to assist in price analysis, and
    - (B) Adequate price competition normally exists when—
      - (1) Prices are solicited across a full range of step quantities, normally including a 0-100 percent split, from at least two offerors that are individually capable of producing the full quantity, and
      - (2) The reasonableness of all prices awarded is clearly established on the basis of price analysis (see FAR 15.404-1).
  - (ii) If only one offer is received in response to a competitive solicitation, see 215.202-71(c).

(4) Commercial products or commercial services. When applying the commercial product or commercial service exception under FAR 15.403-2(b)(3), see 212.001-70(b)(2)(ii) regarding prior commercial product or commercial service determinations.

(b) Waivers.

(1) Pursuant to section 817 of the NDAA for FY 2003, the head of the contracting activity may, without power of delegation, apply the exceptional circumstances authority when a determination is made that—

(i) The property or services cannot reasonably be obtained under the contract, subcontract, or modification, without granting a waiver,

(ii) The price can be determined to be fair and reasonable without the submission of certified cost or pricing data, and

(iii) There are demonstrated benefits to granting the waiver. Follow the procedures at PGI 215.403-270(b)(1) for determining when an exceptional case waiver is appropriate, for approval of such waivers, for partial waivers, and for waivers applicable to unpriced supplies or services.

(2) See PGI 215.403-270(b)(2) for annual reporting requirements.

(3) DoD has waived the requirement for submission of certified cost or pricing data for the Canadian Commercial Corporation and its subcontractors. Follow the procedures at PGI 215.403-270(b)(3) but see 215.110-70(c) and 225.870-4(c).

(4) DoD has waived certified cost or pricing data requirements for nonprofit organizations (including educational institutions) on cost-reimbursement-no-fee contracts. Require contractors to—

(A) Submit other than certified cost or pricing data to the extent necessary to determine price reasonableness and cost realism; and

(B) Submit subcontractor certified cost or pricing data from subcontractors that are not nonprofit organizations when the subcontractor's proposal exceeds the certified cost or pricing data threshold at 215.403-3(a).

**215.403-3 Certified cost or pricing data.**

(a) *Threshold.* In lieu of the requirements of FAR 15.403-3(a), obtain certified cost or pricing data when a prime contract is expected to exceed \$10 million and is awarded after June 30, 2026, unless an exception at FAR 15.403-2 or DFARS 215.403-270 applies. The threshold is \$2.5 million when the prime contract is awarded on or before June 30, 2026, unless otherwise stated in the contract (10 U.S.C. 3702)

(1) Use the same criteria for contract modifications or changes as the prime contract being modified or changed.

(2) Require an offeror for a subcontract at any tier to submit certified cost or pricing data before the award of the subcontract if the prime contractor and each higher tier subcontractor are required to submit certified cost or pricing data, and the prime contract was entered into—

(i) After June 30, 2026, and the price of the subcontract is expected to exceed \$10 million, or

(ii) On or before June 30, 2026, and the price of the subcontract is expected to exceed \$2.5 million, unless otherwise stated in the prime contract.

(3) Require the subcontractor for a subcontract covered by paragraph (2) of this section to submit certified cost or pricing data before the pricing of a change or modification to the subcontract if the price adjustment is expected to exceed \$2.5 million.

**215.403-4 Certificate of current cost or pricing data.**

See PGI 215.403-4 for additional information and guidance on Certificates of Current Cost or Pricing Data.

**215.404 Cost and/or price analysis.**

**215.404-170 Price analysis**

(a) In the absence of adequate price competition in response to the solicitation, pricing based on market prices is the preferred method to establish a fair and reasonable price (see PGI 215.404-170).

(b) If the information obtained through market research is insufficient to determine the reasonableness of price, the contracting officer must consider information submitted by the offeror of recent purchase prices paid by the Government and commercial customers for the same or similar commercial products or commercial services under comparable terms and conditions. When establishing price reasonableness for the subsequent purchase, determine if the prices previously paid remain a valid reference for comparison. Do not base price reasonableness solely on historical prices paid by the Government (see PGI 215.403-170(a)). Consider the totality of other relevant factors such as the time elapsed since the prior purchase, any differences in the quantities purchased, or applicable terms and conditions (10 U.S.C. 3703(e)).

(c) If the offeror cannot provide sufficient information as described in paragraph (b) of this section to determine the reasonableness of price, request the offeror submit information on—

(1) Prices paid for the same or similar items sold under different terms and conditions;

(2) Prices paid for similar levels of work or effort on related products or services;

(3) Prices paid for alternative solutions or approaches; and

(4) Other relevant information that can serve as the basis for determining the reasonableness of price.

(d) If the pricing information submitted is not sufficient to determine the reasonableness of price, request other relevant information, to include cost data. However, no cost data may be required in any case in which there are sufficient

non-Government sales of the same item to establish reasonableness of price (section 831 of the NDAA for FY 2013 (Pub. L. 112-239).

(e) When evaluating pricing data, consider materially differing terms and conditions, quantities, and market and economic factors (see PGI 215.404-170(e)). For similar items, consider material differences between the similar item and the item being procured (see FAR 15.404-1(b)(2)(ii)). Material differences are those that could reasonably be expected to influence the determination of price reasonableness. Consider the following factors when evaluating the relevance of the information available:

(1) Market prices.

(2) Age of data.

(i) Whether data is too old to be relevant depends on the industry (e.g., rapidly evolving technologies), product maturity (e.g., stable), economic factors (e.g., new sellers in the marketplace), and various other considerations.

(ii) A pending sale may be relevant if, in the judgement of the contracting officer, it is probable at the anticipated price, and the sale could reasonably be expected to materially influence the contracting officer's determination of price reasonableness. The contracting officer may consult with the cognizant administrative contracting officers (ACOs) as they may have information about pending sales.

(3) Volume and completeness of transaction data. Data must include a sufficient number of transactions to represent the range of relevant sales to all types of customers. The data must also include key information, such as date, quantity sold, part number, part nomenclature, sales price, and customer. If the number of transactions is insufficient or the data is incomplete, request additional sales data to evaluate price reasonableness. If the contractor cannot provide sufficient sales data, request other relevant information.

(4) Nature of transactions. The nature of a sales transaction includes the information necessary to understand the transaction, such as terms and conditions, date, quantity sold, sale price, unique requirements, the type of customer (government, distributor, retail end-user, etc.), and related agreements. It also includes warranties, key product technical specifications, maintenance agreements, and preferred customer rewards.

(f) Consider catalog prices to be reliable when they are regularly maintained and supported by relevant sales data (including any related discounts, refunds, rebates, offsets, or other adjustments). Request that the offeror support differences between the proposed price(s), catalog price(s), and relevant sales data.

(g) See PGI 215.404-170(g) for assistance with commercial product, commercial service, and price reasonableness determinations.

(h) When procuring a service or an end product identified by a material identifier that is available (see PGI 204.7603), consider the Supplier Performance Risk System price risk assessments in determining if a proposed price is consistent with historical prices paid for an item or otherwise creates a risk to the Government. See also 215.403-170(a).

**215.404-2 Cost analysis**

Follow the procedures at PGI 215.404-2 when conducting a cost analysis.

**215.404-4 Technical cost or price analysis**

Follow the procedures at PGI 215.404-4 for use of technical assistance.

**215.404-7 Review and justification of pass-through contracts.**

Follow the procedures at PGI 215.404-7 when considering alternative approaches or making the determination that the contracting approach selected is in the best interest of the Government (FAR 15.404-7).

**215.404-8 Subcontract pricing considerations.**

Follow the procedures at PGI 215.404-8 when reviewing a subcontractor's proposal.

**215.404-970 Profit.**

(a) *Policy.* Use a structured approach for developing a prenegotiation profit or fee objective on any negotiated contract action when certified cost or pricing data is obtained, except for cost-plus-award-fee contracts (see PGI 215.404-974, 216.402-4, and FAR 16.402-4) or contracts with Federally Funded Research and Development Centers (FFRDCs) (see PGI 215.404-975). See PGI 215.404-970 for use of DD Form 1547, Record of Weighted Guidelines Method Application, whenever a structured approach to profit analysis is required. There are three structured approaches—

- (1) The weighted guidelines method,
- (2) The modified weighted guidelines method, and
- (3) An alternate structured approach.

(b) *Contracting officer responsibilities.*

(1) Do not perform a profit analysis when assessing cost realism in competitive acquisitions.

(2) When using a structured approach, contracting officers—

(i) Must use the weighted guidelines method (see PGI 215.404-971), except as provided in paragraphs (b)(2)(ii) and (b)(2)(iii) of this section.

(ii) Must use the modified weighted guidelines method (see PGI 215.404-972) on contract actions with nonprofit organizations other than FFRDCs.

(iii) May use an alternate structured approach (see PGI 215.404-973) when—

(A) The contract action is—

(1) At or below the certified cost or pricing data threshold (see DFARS 215.403-3(a)),

(2) For architect-engineer or construction work,

- (3) Primarily for delivery of material from subcontractors, or
- (4) A termination settlement; or

(B) The weighted guidelines method does not produce a reasonable overall profit objective, and the head of the contracting activity approves use of the alternate approach in writing.

(iv) Must use the weighted guidelines method to establish a basic profit rate under a formula-type pricing agreement and may then use the basic rate on all actions under the agreement, provided that conditions affecting profit do not change.

(v) Must document the profit analysis in the contract file.

(3) Do not attempt to reach agreement on the applied weights or values for individual profit factors, but do encourage the contractor to—

(i) Present the details of its proposed profit amounts in the weighted guidelines format or similar structured approach; and

(ii) Use the weighted guidelines method in developing profit objectives for negotiated subcontracts.

(4) Verify that relevant variables have not materially changed (e.g., performance risk, interest rates, progress payment rates, distribution of facilities capital).

(c) *Profit-analysis factors.* See PGI 215.404-971 through 215.404-973.

(d) *Statutory fee limitations.* In lieu of the limitation at FAR 15.404-9(c)(4)(ii), see 236.202-371 for the Departments of the Army, Navy and Air Force architect-engineer services.

#### **215.404-70 Cost and/or price analysis.**

(a) Follow the procedures at PGI 215.404-70 for cost and/or price analysis.

(b) For spare parts or support equipment, perform an analysis of—

(1) Line items where the proposed price exceeds by 25 percent or more the lowest price the Government has paid within the most recent 12-month period based on reasonably available data (section 1215 of the NDAA for FY 1984 (Pub. L. 98-94)),

(2) Line items where a comparison of the item description and the proposed price indicates a potential for overpricing,

(3) Significant high-dollar-value items. If there are no obvious high-dollar-value items, include an analysis of a random sample of items, and

(4) A random sample of the remaining low-dollar value items. Sample size may be determined by subjective judgment, e.g., experience with the offeror and the reliability of its estimating and accounting systems.

**215.405 Special cost or pricing areas.**

**215.405-2 Make-or-buy programs.**

See PGI 215.405-2 for factors to consider when evaluating make-or-buy plan submissions.

**215.405-3 Forward pricing rate agreements.**

(b)(1) Use forward pricing rate agreement (FPRA) rates when such rates are available, unless waived on a case-by-case basis by the head of the contracting activity.

(2) Advise the ACO of each case waived.

(3) Contact the ACO for questions on FPRAs or recommended rates.

**215.405-470 Should-cost review.**

(a) *General.* See PGI 215.405-470 for guidance on determining whether to perform a program or overhead should-cost review.

(b) *Program should-cost review.* Major weapon system should-cost program reviews must be conducted in a manner that is transparent, objective, and provides for the efficiency of the DoD systems acquisition process (section 837 of the NDAA for FY 2018 (Pub. L. 115-91)).

(1) Major weapon system should-cost reviews may include the following features—

(i) A thorough review of each contributing element of the program cost and the justification for each cost.

(ii) An analysis of non-value added overhead and unnecessary reporting requirements.

(iii) Benchmarking against similar DoD programs, similar commercial programs (where appropriate), and other programs by the same contractor at the same facility.

(iv) An analysis of supply chain management to encourage competition and incentive cost performance at lower tiers.

(v) A review of how to restructure the program (Government and contractor) team in a streamlined manner, if necessary.

(vi) Identification of opportunities to break out Government-furnished equipment versus prime contractor-furnished materials.

(vii) Identification of items or services contracted through third parties that result in unnecessary pass-through costs.

(viii) Evaluation of ability to use integrated developmental and operational testing and modeling and simulation to reduce overall costs.

(ix) Identification of alternative technology and materials to reduce developmental or lifecycle costs for a program.

(x) Identification and prioritization of cost savings opportunities.

(xi) Establishment of measurable targets and ongoing tracking systems.

(2) The should-cost review must provide for sufficient analysis while minimizing the impact on program schedule by engaging stakeholders early, relying on information already available before requesting additional data, and establishing a team with the relevant expertise early.

(3) The should cost review team must—

(i) Be comprised of members, including third-party experts if necessary, with the training, skills, and experience in analysis of cost elements, production or sustainment processes, and technologies relevant to the program under review. The review team may include members from the Defense Contract Management Agency, the department or agency's cost analysis center, and appropriate functional organizations, as necessary.

(ii) Establish a process for communicating and collaborating with the contractor throughout the should-cost review, including notification to the contractor regarding which elements of the contractor's operations will be reviewed and what information will be necessary to perform the review, as soon as practicable, both prior to and during the review.

(iii) Prepare a report, which must ensure, to the maximum extent practicable, review of current, accurate, and complete data, and identify cost savings opportunities associated with specific engineering or business changes that can be quantified and tracked.

**215.406 Data to support proposal analysis.**

See PGI 215.406 for guidance on obtaining field pricing or audit assistance.

**215.408 Documentation.**

**215.408-1 Prenegotiation objectives.**

Follow the procedures at PGI 215.408-1 for establishing prenegotiation objectives.

**215.408-2 Documenting the negotiation.**

Follow the procedures at PGI 215.408-2 for documenting the negotiation.

**215.470 Estimated data prices.**

(a) DoD requires estimated prices for data to evaluate the cost to the Government of data items in terms of their management, product, or engineering value.

(b) When data are required to be delivered under a contract, include DD Form 1423, Contract Data Requirements List, in the solicitation. See PGI 215.470(b) for guidance on the use of DD Form 1423.

(c) Do not include a requirement for data in a contract that the contractor has delivered or is obligated to deliver to the Government under another contract or subcontract, and that the successful offeror identifies any such data required by the solicitation. However, where duplicate data are desired, the contract price shall include the costs of duplication, but not of preparation, of such data.

## **SUBPART 215.5—UNSOLICITED PROPOSALS**

### **215.502 General**

(d)(3) The guidance at FAR 15.502(d)(3) applies to commercial solutions openings.

### **215.503-1 Scope of proposals.**

The policy at FAR 15.503-1(a) applies to commercial solutions openings.

## **PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

### **SUBPART 252.2—TEXT OF PROVISIONS AND CLAUSES**

**252.215-7000 Reserved.**

**252.215-7001 Reserved.**

### **252.215-7002 Cost Estimating System Requirements.**

As prescribed in 215.110-70(a), use the following clause:

#### **COST ESTIMATING SYSTEM REQUIREMENTS (JAN 2025)**

(a) *Definitions.*

“Acceptable estimating system” means an estimating system that complies with the system criteria in paragraph (d) of this clause, and provides for a system that—

- (1) Is maintained, reliable, and consistently applied;
- (2) Produces verifiable, supportable, documented, and timely cost estimates that are an acceptable basis for negotiation of fair and reasonable prices;
- (3) Is consistent with and integrated with the Contractor’s related management systems; and
- (4) Is subject to applicable financial control systems.

“Estimating system” means the Contractor's policies, procedures, and practices for budgeting and planning controls, and generating estimates of costs and other data included in proposals submitted to customers in the expectation of receiving contract awards. Estimating system includes the Contractor's—

- (1) Organizational structure;
- (2) Established lines of authority, duties, and responsibilities;
- (3) Internal controls and managerial reviews;

(4) Flow of work, coordination, and communication; and

(5) Budgeting, planning, estimating methods, techniques, accumulation of historical costs, and other analyses used to generate cost estimates.

“Material weakness” means a deficiency or combination of deficiencies in the internal control over information in contractor business systems, such that there is a reasonable possibility that a material misstatement of such information will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is—

(1) Probable; or

(2) More than remote but less than likely (Section 806 of Pub. L. 116-283).

(b) *General.* The Contractor shall establish, maintain, and comply with an acceptable estimating system.

(c) *Applicability.* Paragraphs (d) and (e) of this clause apply if the Contractor is a large business and either—

(1) In its fiscal year preceding award of this contract, received Department of Defense (DoD) prime contracts or subcontracts, totaling \$50 million or more for which certified cost or pricing data were required; or

(2) In its fiscal year preceding award of this contract—

(i) Received DoD prime contracts or subcontracts totaling \$10 million or more (but less than \$50 million) for which certified cost or pricing data were required; and

(ii) Was notified, in writing, by the Contracting Officer that paragraphs (d) and (e) of this clause apply.

(d) *System requirements.*

(1) The Contractor shall disclose its estimating system to the Administrative Contracting Officer (ACO), in writing. If the Contractor wishes the Government to protect the data and information as privileged or confidential, the Contractor must mark the documents with the appropriate legends before submission.

(2) An estimating system disclosure is acceptable when the Contractor has provided the ACO with documentation that—

(i) Accurately describes those policies, procedures, and practices that the Contractor currently uses in preparing cost proposals; and

(ii) Provides sufficient detail for the Government to reasonably make an informed judgment regarding the acceptability of the Contractor's estimating practices.

(3) The Contractor shall—

(i) Comply with its disclosed estimating system; and

(ii) Disclose significant changes to the cost estimating system to the ACO on a timely basis.

(4) The Contractor's estimating system shall provide for the use of appropriate source data, utilize sound estimating techniques and good judgment, maintain a consistent approach, and adhere to established policies and procedures. An acceptable estimating system shall accomplish the following functions:

(i) Establish clear responsibility for preparation, review, and approval of cost estimates and budgets.

(ii) Provide a written description of the organization and duties of the personnel responsible for preparing, reviewing, and approving cost estimates and budgets.

(iii) Ensure that relevant personnel have sufficient training, experience, and guidance to perform estimating and budgeting tasks in accordance with the Contractor's established procedures.

(iv) Identify and document the sources of data and the estimating methods and rationale used in developing cost estimates and budgets.

(v) Provide for adequate supervision throughout the estimating and budgeting process.

(vi) Provide for consistent application of estimating and budgeting techniques.

(vii) Provide for detection and timely correction of errors.

(viii) Protect against cost duplication and omissions.

(ix) Provide for the use of historical experience, including historical vendor pricing data, where appropriate.

(x) Require use of appropriate analytical methods.

(xi) Integrate data and information available from other management systems.

(xii) Require management review, including verification of compliance with the company's estimating and budgeting policies, procedures, and practices.

(xiii) Provide for internal review of, and accountability for, the acceptability of the estimating system, including the budgetary data supporting indirect cost estimates and comparisons of projected results to actual results, and an analysis of any differences.

(xiv) Provide procedures to update cost estimates and notify the Contracting Officer in a timely manner throughout the negotiation process.

(xv) Provide procedures that ensure subcontract prices are reasonable based on a documented review and analysis provided with the prime proposal, when practicable.

(xvi) Provide estimating and budgeting practices that consistently generate sound proposals that are compliant with the provisions of the solicitation and are adequate to serve as a basis to reach a fair and reasonable price.

(xvii) Have an adequate system description, including policies, procedures, and estimating and budgeting practices, that comply with the Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement.

(e) *Material weaknesses.*

(1) The Contracting Officer will provide an initial determination to the Contractor, in writing, of any material weaknesses. The initial determination will describe the underlying deficiency in sufficient detail to allow the Contractor to understand the weakness or deficiency.

(2) The Contractor shall respond within 30 days to a written initial determination from the Contracting Officer that identifies material weaknesses in the Contractor's estimating system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

(3) The Contracting Officer will evaluate the Contractor's response and notify the Contractor, in writing, of the Contracting Officer's final determination concerning—

(i) Remaining material weaknesses;

(ii) The adequacy of any proposed or completed corrective action; and

(iii) System disapproval, if the Contracting Officer determines that one or more material weaknesses remain.

(f) If the Contractor receives the Contracting Officer's final determination of material weaknesses, the Contractor shall, within 45 days of receipt of the final determination, either correct the material weaknesses or submit an acceptable corrective action plan showing milestones and actions to eliminate the material weaknesses.

(g) *Withholding payments.* If the Contracting Officer makes a final determination to disapprove the Contractor's estimating system, and the contract includes the clause at 252.242-7005, Contractor Business Systems, the Contracting Officer will withhold payments in accordance with that clause.

(End of clause)

**252.215-7990 Requirement for Submission of Data Other Than Certified Cost or Pricing Data—Canadian Commercial Corporation. (DEVIATION 2026-O0048)**

As prescribed at 215.110-70(b)(1)(i), use the following provision:

**REQUIREMENT FOR SUBMISSION OF DATA OTHER THAN CERTIFIED COST OR PRICING DATA—CANADIAN COMMERCIAL CORPORATION (DEVIATION 2026-O0048) (MAR 2026)**

- (a) Submission of certified cost or pricing data is not required.
- (b) Canadian Commercial Corporation shall obtain and provide the following:
  - (i) Profit rate or fee (as applicable).

(ii) Analysis provided by Public Works and Government Services Canada to the Canadian Commercial Corporation to determine a fair and reasonable price (comparable to the analysis required at FAR 15.404).

(iii) Data other than certified cost or pricing data necessary to permit a determination by the U.S. Contracting Officer that the proposed price is fair and reasonable [*U.S. Contracting Officer to insert description of the data required in accordance with FAR 15.403-1*].

(c) As specified in 15.403-1(d), an offeror who does not comply with a requirement to submit data that the U.S. Contracting Officer has deemed necessary to determine price reasonableness or cost realism is ineligible for award unless the head of the contracting activity determines that it is in the best interest of the Government to make the award to that offeror.

(End of provision)

**252.215-7991 Requirement for Submission of Data Other Than Certified Cost or Pricing Data—Modifications—Canadian Commercial Corporation. (DEVIATION 2026-O0048)**

As prescribed at 215.110-70(b)(2)(i), use the following clause:

**REQUIREMENT FOR SUBMISSION OF DATA OTHER THAN CERTIFIED COST OR PRICING DATA—MODIFICATIONS—CANADIAN COMMERCIAL CORPORATION (DEVIATION 2026-O0048) (MAR 2026)**

This clause, in lieu of FAR 52.215-21, applies only if award is to the Canadian Commercial Corporation.

- (a) Submission of certified cost or pricing data is not required.
- (b) Canadian Commercial Corporation shall obtain and provide the following for modifications that exceed the \$150,000 [*or higher dollar value specified by the U.S. Contracting Officer in the solicitation*].
  - (i) Profit rate or fee (as applicable).

(ii) Analysis provided by Public Works and Government Services Canada to the Canadian Commercial Corporation to determine a fair and reasonable price

(comparable to the analysis required at FAR 15.404).

(iii) Data other than certified cost or pricing data necessary to permit a determination by the U.S. Contracting Officer that the proposed price is fair and reasonable [*U.S. Contracting Officer to insert description of the data required in accordance with FAR 15.403-1*].

(End of clause)

**252.215-7005 Reserved.**

**252.215-7006 Use of Employees or Individual Subcontractors Who Are Members of the Selected Reserve.**

As prescribed in 215.104-71(c), use the following clause:

USE OF EMPLOYEES OR INDIVIDUAL SUBCONTRACTORS WHO ARE  
MEMBERS OF THE SELECTED RESERVE (MAR 2022)

(a) *Definition.* As used in this clause—

“Selected Reserve” has the meaning given that term in 10 U.S.C. 10143. Selected Reserve members normally attend regular drills throughout the year and are the group of Reserves most readily available to the President.

(b) If the Contractor stated in its offer that it intends to use members of the Selected Reserve in the performance of this contract—

(1) The Contractor shall use employees, or individual subcontractors, who are members of the Selected Reserve in the performance of the contract to the fullest extent consistent with efficient contract performance; and

(2) The Government has the right to terminate the contract for default if the Contractor willfully or intentionally fails to use members of the Selected Reserve, as employees or individual subcontractors, in the performance of the contract.

(End of clause)

**252.215-7007 Notice of Intent to Resolicit.**

As prescribed at 215.202-71(f), use the following provision:

NOTICE OF INTENT TO RESOLICIT (JUN 2012)

This solicitation provides offerors fewer than 30 days to submit proposals. In the event that only one offer is received in response to this solicitation, the Contracting Officer may cancel the solicitation and resolicit for an additional period of at least 30 days in accordance with 215.202-71(b).

(End of provision)

**252.215-7992 Only One Offer. (DEVIATION 2026-O0048)**

As prescribed at 215.110-70(c), use the following provision:

**ONLY ONE OFFER (DEVIATION 2026-O0048) (MAR 2026)**

(a) *Cost or pricing data requirements.* After initial submission of offers, if the Contracting Officer notifies the Offeror that only one offer was received, the Offeror agrees to—

(1) Submit any additional cost or pricing data that is required in order to determine whether the price is fair and reasonable (10 U.S.C. 3705) or to comply with the statutory requirement for certified cost or pricing data (10 U.S.C. 3702); and

(2) Except as provided in paragraph (b) of this provision, if the acquisition exceeds the certified cost or pricing data threshold and an exception to the requirement for certified cost or pricing data at FAR 15.403-2(b)(2) through (5) does not apply, certify all cost or pricing data in accordance with paragraph (c) of DFARS provision 252.215-7994, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, of this solicitation.

(b) *Canadian Commercial Corporation.* If the Offeror is the Canadian Commercial Corporation, certified cost or pricing data are not required. If the Contracting Officer notifies the Canadian Commercial Corporation that additional data other than certified cost or pricing data are required in accordance with DFARS 225.870-4(c), the Canadian Commercial Corporation shall obtain and provide the following:

(1) Profit rate or fee (as applicable).

(2) Analysis provided by Public Works and Government Services Canada to the Canadian Commercial Corporation to determine a fair and reasonable price (comparable to the analysis required at 15.404).

(3) Data other than certified cost or pricing data necessary to permit a determination by the U.S. Contracting Officer that the proposed price is fair and reasonable [*U.S. Contracting Officer to provide description of the data required in accordance with FAR 15.403-1 with the notification*].

(4) As specified in FAR 15.403-1(d), an offeror who does not comply with a requirement to submit data that the U.S. Contracting Officer has deemed necessary to determine price reasonableness or cost realism is ineligible for award unless the head of the contracting activity determines that it is in the best interest of the Government to make the award to that offeror.

(c) *Subcontracts.* Unless the Offeror is the Canadian Commercial Corporation, the Offeror shall insert the substance of this provision, including this paragraph (c), in all subcontracts exceeding the simplified acquisition threshold defined in FAR part 2.

(End of provision)

**252.215-7993 Proposal Adequacy Checklist. (DEVIATION 2026-O0048)**  
As prescribed in 215.110-70(d), use the following provision:

PROPOSAL ADEQUACY CHECKLIST (DEVIATION 2026-O0048) (MAR 2026)

The offeror shall complete the following checklist, providing location of requested information, or an explanation of why the requested information is not provided. In preparation of the offeror’s checklist, offerors may elect to have their prospective subcontractors use the same or similar checklist as appropriate.

PROPOSAL ADEQUACY CHECKLIST

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
<u>GENERAL INSTRUCTIONS</u>			
1. FAR 15.408-2, Table 15-1, Section I Paragraph A	Is there a properly completed first page of the proposal per FAR 15.408-2 Table 15-1 I.A or as specified in the solicitation?		
2. FAR 15.408-2, Table 15-1, Section I Paragraph A(7)	Does the proposal identify the need for Government-furnished material/tooling/test equipment? Include the accountable contract number and contracting officer contact information if known.		
3. FAR 15.408-2, Table 15-1, Section I Paragraph A(8)	Does the proposal identify and explain notifications of noncompliance with Cost Accounting Standards Board or Cost Accounting Standards (CAS); any proposal inconsistencies with your disclosed practices or applicable CAS; and inconsistencies with your established estimating and accounting principles and procedures?		
4. FAR 15.408-2, Table 15-1, Section I, Paragraph C(1)  FAR 2.101, “Cost or pricing data”	Does the proposal disclose any other known activity that could materially impact the costs?- This may include, but is not limited to, such factors as— (1) Vendor quotations;		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
	(2) Nonrecurring costs; (3) Information on changes in production methods and in production or purchasing volume; (4) Data supporting projections of business prospects and objectives and related operations costs; (5) Unit-cost trends such as those associated with labor efficiency; (6) Make-or-buy decisions; (7) Estimated resources to attain business goals; and (8) Information on management decisions that could have a significant bearing on costs.		
5. FAR 15.408-2, Table 15-1, Section I Paragraph B	Is an Index of all certified cost or pricing data and information accompanying or identified in the proposal provided and appropriately referenced?		
6. FAR 15.403-2(b)	Are there any exceptions to submission of certified cost or pricing data pursuant to FAR 15.403-2(b)? If so, is supporting documentation included in the proposal? (Note questions 18-20.)		
7. FAR 15.408-2, Table 15-1, Section I Paragraph C(2)(i)	Does the proposal disclose the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data?		
8. FAR 15.408-2, Table 15-1, Section I Paragraph C(2)(ii)	Does the proposal disclose the nature and amount of any contingencies included in the proposed price?		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
9. FAR 15.408-2, Table 15-1, Section II, Paragraph A or B	Does the proposal explain the basis of all cost estimating relationships (labor hours or material) proposed on other than a discrete basis?		
10. FAR 15.408-2, Table 15-1, Section I Paragraphs D and E	Is there a summary of total cost by element of cost and are the elements of cost cross-referenced to the supporting cost or pricing data? (Breakdowns for each cost element must be consistent with your cost accounting system, including breakdown by year.)		
11. FAR 15.408-2, Table 15-1, Section I Paragraphs D and E	If more than one Contract Line Item Number (CLIN) or sub Contract Line Item Number (sub-CLIN) is proposed as required by the RFP, are there summary total amounts covering all line items for each element of cost and is it cross-referenced to the supporting cost or pricing data?		
12. FAR 15.408-2, Table 15-1, Section I Paragraph F	Does the proposal identify any incurred costs for work performed before the submission of the proposal?		
13. FAR 15.408-2, Table 15-1, Section I Paragraph G	Is there a Government forward pricing rate agreement (FPRA)? If so, the offeror shall identify the official submittal of such rate and factor data. If not, does the proposal include all rates and factors by year that are utilized in the development of the proposal and the basis for those rates and factors?		
<u>COST ELEMENTS</u>			
MATERIALS AND SERVICES			

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
14. FAR 15.408-2, Table 15-1, Section II Paragraph A	Does the proposal include a consolidated summary of individual material and services, frequently referred to as a Consolidated Bill of Material (CBOM), to include the basis for pricing? The offeror's consolidated summary shall include raw materials, parts, components, assemblies, subcontracts and services to be produced or performed by others, identifying as a minimum the item, source, quantity, and price.		
<b>SUBCONTRACTS (Purchased materials or services)</b>			
15. DFARS 215.404-8	Has the offeror identified in the proposal those subcontractor proposals, for which the contracting officer has initiated or may need to request field pricing analysis?		
16. FAR 15.404-8(b) FAR 52.244-2	Per the thresholds of FAR 15.404-8(b), Subcontract Pricing Considerations, does the proposal include a copy of the applicable subcontractor's certified cost or pricing data?		
17. FAR 15.408-2, Table 15-1, Note 1; Section II Paragraph A	Is there a price/cost analysis establishing the reasonableness of each of the proposed subcontracts included with the proposal? If the offeror's price/cost analyses are not provided with the proposal, does the proposal include a matrix identifying dates for receipt of subcontractor proposal, completion of fact finding for purposes of price/cost analysis, and submission of the price/cost analysis?		
<b><u>EXCEPTIONS TO CERTIFIED COST OR PRICING DATA</u></b>			

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
18. FAR 52.215-20, FAR 2.101, “commercial product” or “commercial service”	<p>Has the offeror submitted an exception to the submission of certified cost or pricing data for commercial products or commercial services proposed either at the prime or subcontractor level, in accordance with provision 52.215-20?</p> <p>a. Has the offeror specifically identified the type of commercial product or commercial service claim (FAR 2.101 “commercial product” or “commercial service” definition), and the basis on which the commercial product or commercial service meets the definition?</p> <p>b. For modified commercial products (FAR 2.101 “commercial product” definition); did the offeror classify the modification(s) as either—</p> <p>i. A modification of a type customarily available in the commercial marketplace (paragraph (3)(i)); or</p> <p>ii. A minor modification (paragraph (3)(ii)) of a type not customarily available in the commercial marketplace made to meet Federal Government requirements not exceeding the thresholds in FAR 15.403-2(c)(3)(iii)(B)?</p> <p>c. For proposed commercial products “of a type”, or “evolved” or modified (FAR 2.101 “commercial product” definition), did the contractor provide a technical description of the differences between the proposed item and the comparison item(s)?</p>		
19.	[Reserved]		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
20. FAR 15.408-2, Table 15-1, Section II Paragraph A(1)	Does the proposal support the degree of competition and the basis for establishing the source and reasonableness of price for each subcontract or purchase order priced on a competitive basis exceeding the threshold for certified cost or pricing data?		
<b>INTERORGANIZATIONAL TRANSFERS</b>			
21. FAR 15.408-2, Table 15-1, Section II Paragraph A.(2)	For inter-organizational transfers proposed at cost, does the proposal include a complete cost proposal in compliance with Table 15-1?		
22. FAR 15.408-2, Table 15-1, Section II Paragraph A(1)	For inter-organizational transfers proposed at price in accordance with FAR 31.205-26(e), does the proposal provide an analysis by the prime that supports the exception from certified cost or pricing data in accordance with FAR15.403-2?		
<b>DIRECT LABOR</b>			
23. FAR 15.408-2, Table 15-1, Section II Paragraph B	Does the proposal include a time phased (i.e.; monthly, quarterly) breakdown of labor hours, rates and costs by category or skill level? If labor is the allocation base for indirect costs, the labor cost must be summarized in order that the applicable overhead rate can be applied.		
24. FAR 15.408-2, Table 15-1, Section II Paragraph B	For labor Basis of Estimates (BOEs), does the proposal include labor categories, labor hours, and task descriptions; (e.g.; Statement of Work reference, applicable CLIN, Work Breakdown Structure, rationale for estimate, applicable history, and time-phasing)?		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
25. FAR subpart 22.10	If covered by the Service Contract Labor Standards statute (41 U.S.C. chapter 67), are the rates in the proposal in compliance with the minimum rates specified in the statute?		
<u>INDIRECT COSTS</u>			
26. FAR 15.408-2, Table 15-1, Section II Paragraph C	Does the proposal indicate the basis of estimate for proposed indirect costs and how they are applied? (Support for the indirect rates could consist of cost breakdowns, trends, and budgetary data.)		
<u>OTHER COSTS</u>			
27. FAR 15.408-2, Table 15-1, Section II Paragraph D	Does the proposal include other direct costs and the basis for pricing? If travel is included does the proposal include number of trips, number of people, number of days per trip, locations, and rates (e.g. airfare, per diem, hotel, car rental, etc)?		
28. FAR 15.408-2, Table 15-1, Section II Paragraph E	If royalties exceed \$1,500 does the proposal provide the information/data identified by Table 15-1?		
29. FAR 15.408-2, Table 15-1, Section II Paragraph F	When facilities capital cost of money is proposed, does the proposal include submission of Form CASB-CMF or reference to an FPRA/FPRP and show the calculation of the proposed amount?		
<u>FORMATS FOR SUBMISSION OF LINE ITEM SUMMARIES</u>			
30. FAR 15.408-2, Table 15-1, Section III	Are all cost element breakdowns provided using the applicable format prescribed in FAR 15.408-2, Table 15-1 III? (or		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
	alternative format if specified in the request for proposal)		
31. FAR 15.408-2, Table 15-1, Section III Paragraph B	If the proposal is for a modification or change order, have cost of work deleted (credits) and cost of work added (debits) been provided in the format described in FAR 15.408-2, Table 15-1.III.B?		
32. FAR 15.408-2, Table 15-1, Section III Paragraph C	For price revisions/redeterminations, does the proposal follow the format in FAR 15.408-2, Table 15-1.III.C?		
<u>OTHER</u>			
33. FAR 16.4	If an incentive contract type, does the proposal include offeror proposed target cost, target profit or fee, share ratio, and, when applicable, minimum/maximum fee, ceiling price?		
34. FAR 16.203-4 and FAR 15.408-2, Table 15-1, Section II, Paragraphs A, B, C, and D	If Economic Price Adjustments are being proposed, does the proposal show the rationale and application for the economic price adjustment?		
35. FAR 52.232-28	If the offeror is proposing Performance-Based Payments- did the offeror comply with FAR 52.232-28?		
36. FAR 15.110(v)  FAR 52.215-22  FAR 52.215-23	Excessive Pass-through Charges– Identification of Subcontract Effort: If the offeror intends to subcontract more than 70% of the total cost of work to be performed, does the proposal identify: (i) the amount of the offeror’s indirect costs and profit applicable to the work to be performed by the proposed		

<u>REFERENCES</u>	<u>SUBMISSION ITEM</u>	<u>PROPOSAL PAGE No.</u>	<u>If not provided EXPLAIN (may use continuation pages)</u>
	subcontractor(s); and (ii) a description of the added value provided by the offeror as related to the work to be performed by the proposed subcontractor(s)?		

(End of provision)

**252.215-7994 Requirements for Certified Cost of Pricing Data and Data Other Than Certified Cost or Pricing Data. (DEVIATION 2026-O0048)**

*Basic.* As prescribed in 215.110-70(e)(1) and (e)(1)(i), use the following provision:

**REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA AND DATA OTHER THAN CERTIFIED COST OR PRICING DATA—BASIC (DEVIATION 2026-O0048) (MAR 2026)**

(a) *Definitions.* As used in this provision—

“Market prices” means current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offerors.

“Non-Government sales” means sales of the supplies or services to non-Governmental entities for purposes other than governmental purposes.

“Relevant sales data” means information provided by an offeror on sales of the same or similar items that can be used to establish price reasonableness taking into consideration the age, volume, and nature of the transactions (including any related discounts, refunds, rebates, offsets, or other adjustments).

“Sufficient non-Government sales” means relevant sales data that reflects market pricing and contains enough information to make adjustments covered by FAR 15.404-1(b)(2)(ii).

“Uncertified cost data” means the subset of “data other than certified cost or pricing data” (see FAR 2.101) that relates to cost.

(b) *Exceptions from certified cost or pricing data.*

(1) In lieu of submitting certified cost or pricing data, the Offeror may submit a written request for exception by submitting the information described in paragraphs (b)(1)(i) and (ii) of this provision. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted and whether the price is fair and reasonable.

(i) *Exception for prices set by law or regulation - Identification of the law or regulation establishing the prices offered.* If the prices are controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) *Commercial product or commercial service exception.* For a commercial product or commercial service exception, the Offeror shall submit, at a minimum, information that is adequate for determining commerciality and evaluating the reasonableness of the price for this acquisition, including prices at which the same product or service or similar products or services have been sold in the commercial market. Such information shall include—

(A) For products or services previously determined to be commercial, the contract number and military department, defense agency, or other DoD component that rendered such determination, and if available, a Government point of contact;

(B) For subsystems of a major weapon system and components and spare parts of a major weapon system or subsystem of a major weapon system that have not previously been determined to be commercial—

(1) The comparable commercial product the Offeror sells to the general public or nongovernmental entities;

(2) A comparison between the physical characteristics and functionality of the comparable commercial product and the subsystem, component, or spare part, including—

(i) For products under paragraph (3)(i) of the “commercial product” definition at FAR 2.101, a description of the modification and documentation to support that the modification is customarily available in the marketplace; or

(ii) For products under paragraph (3)(ii) of the “commercial product” definition at FAR 2.101, a detailed description of the modification and detailed technical data to demonstrate that the modification is minor (e.g., information on production processes and material differences); and

(3) The national stock number (NSN) for the comparable commercial product, if one is assigned, and the NSN for the subsystem, component, or spare part, if one is assigned; or

(4) If the Offeror does not sell a comparable commercial product to the general public or nongovernmental entities for purposes other than government purposes, the Offeror shall—

(i) Notify the Contracting Officer in writing that it does not sell such a comparable product; and

(ii) Provide the Contracting Officer with a comparison of the physical characteristics and functionality of the most comparable commercial product in the commercial market.

(C) For items priced based on a catalog—

(1) A copy of or identification of the Offeror's current catalog showing the price for that item; and

(2) If the catalog pricing provided with this proposal is not consistent with all relevant sales data, a detailed description of differences or inconsistencies between or among the relevant sales data, the proposed price, and the catalog price (including any related discounts, refunds, rebates, offsets, or other adjustments);

(D) For items priced based on market pricing, a description of the nature of the commercial market, the methodology used to establish a market price, and all relevant sales data. The description shall be adequate to permit DoD to verify the accuracy of the description;

(E) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item; or

(F) For items provided by nontraditional defense contractors, a statement that the entity is not currently performing and has not performed, for at least the 1-year period preceding the solicitation of sources by DoD for the procurement or transaction, any contract or subcontract for DoD that is subject to full coverage under the cost accounting standards prescribed pursuant to 41 U.S.C. 1502 and the regulations implementing such section.

(2) The Offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and to determine the reasonableness of price.

(c) *Requirements for certified cost or pricing data.* If the Offeror is not granted an exception from the requirement to submit certified cost or pricing data, the following applies:

(1) The Offeror shall prepare and submit certified cost or pricing data and supporting attachments in accordance with the instructions contained in Table 15-1 of FAR 15.408-2, which is incorporated by reference with the same force and effect as though it were inserted here in full text. The instructions in Table 15-1 are incorporated as a mandatory format to be used in any resultant contract, unless the Contracting Officer and the Offeror agree to a different format and change this provision to use Alternate I.

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the Offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.403-4.

(3) The Offeror is responsible for determining whether a subcontractor qualifies for an exception from the requirement for submission of certified cost or pricing data on the basis of adequate price competition, i.e., two or more responsible offerors, competing independently, submit priced offers that satisfy the Government's expressed requirement in accordance with FAR 15.403-2(c)(1)(ii).

(d) *Requirements for data other than certified cost or pricing data.*

(1) Data other than certified cost or pricing data submitted in accordance with this provision shall include the minimum information necessary to permit a determination that the proposed price is fair and reasonable, to include the requirements in Defense Federal Acquisition Regulation Supplement (DFARS) 215.402-70(a)(1), 215.404-170, and 234.7002(e).

(2) In cases in which uncertified cost data is required, the information shall be provided in the form in which it is regularly maintained by the Offeror or prospective subcontractor in its business operations.

(3) If the Offeror redacts data that identifies the customer (see DFARS 234.7002(e)(2)), then the Offeror shall include, for each sale, the following signed statement with the data submitted:

“By submission of this data, the Offeror [*Offeror insert company name*] certifies that the customer was [*Offeror insert one or more of the following as applicable: a government customer; a commercial customer purchasing the same or similar product for governmental purposes (e.g., Federal, state, local, or foreign government); or a commercial customer purchasing the same or similar product for a commercial, mixed, or unknown purpose*].”

(4) Within 10 days of a written request from the Contracting Officer for additional information to permit an adequate evaluation of the proposed price in accordance with FAR 15.403-1 or DFARS 234.7002(e), the Offeror shall provide either the requested information, or a written explanation for the inability to fully comply.

(5) *Subcontract price evaluation.*

(i) Offerors shall obtain from subcontractors the minimum information necessary to support a determination of price reasonableness, as described in FAR part 15 and DFARS part 215.

(ii) No cost data may be required from a prospective subcontractor in any case in which there are sufficient non-Government sales of the same item to establish reasonableness of price.

(iii) If the Offeror relies on relevant sales data for similar items to determine the price is reasonable, the Offeror shall obtain only that technical information necessary—

(A) To support the conclusion that items are technically similar; and

(B) To explain any technical differences that account for variances between the proposed prices and the sales data presented.

(e) *Subcontracts.* The Offeror shall insert the substance of this provision, including this paragraph (e), in subcontracts exceeding the simplified acquisition threshold defined in FAR part 2. The Offeror shall require prospective subcontractors to adhere to the requirements of—

(1) Paragraphs (c) and (d) of this provision for subcontracts above the threshold for submission of certified cost or pricing data in 215-403-3(a); and

(2) Paragraph (d) of this provision for subcontracts exceeding the simplified acquisition threshold defined in FAR part 2.

(End of provision)

*Alternate I.* (DEVIATION 2026-O0048) As prescribed in 215.110-70(e)(1) and(e)(1)(ii), use the following provision, which includes a different paragraph (c)(1).

**REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA AND DATA  
OTHER THAN CERTIFIED COST OR PRICING DATA—ALTERNATE I  
(DEVIATION 2026-O0048) (MAR 2026)**

(a) *Definitions.* As used in this provision—

“Market prices” means current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offerors.

“Non-Government sales” means sales of the supplies or services to non-Governmental entities for purposes other than governmental purposes.

“Relevant sales data” means information provided by an offeror on sales of the same or similar items that can be used to establish price reasonableness taking into consideration the age, volume, and nature of the transactions (including any related discounts, refunds, rebates, offsets, or other adjustments).

“Sufficient non-Government sales” means relevant sales data that reflects market pricing and contains enough information to make adjustments covered by Federal Acquisition Regulation (FAR) 15.404-1(b)(2)(ii).

“Uncertified cost data” means the subset of “data other than certified cost or pricing data” (see FAR 2.101) that relates to cost.

(b) *Exceptions from certified cost or pricing data.*

(1) In lieu of submitting certified cost or pricing data, the Offeror may submit a written request for exception by submitting the information described in paragraphs (b)(1)(i) and (ii) of this provision. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted and whether the price is fair and reasonable.

(i) *Exception for price set by law or regulation - Identification of the law or regulation establishing the price offered.* If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) *Commercial product or commercial service exception.* For a commercial product or commercial service exception, the Offeror shall submit, at a minimum, information that is adequate for determining commerciality and

evaluating the reasonableness of the price for this acquisition, including prices at which the same product or service or similar products or services have been sold in the commercial market. Such information shall include—

(A) For products or services previously determined to be commercial, the contract number and military department, defense agency, or other DoD component that rendered such determination, and if available, a Government point of contact;

(B) For subsystems of a major weapon system and components and spare parts of a major weapon system or subsystem of a major weapon system that have not previously been determined to be commercial—

(1) The comparable commercial product the Offeror sells to the general public or nongovernmental entities;

(2) A comparison between the physical characteristics and functionality of the comparable commercial product and the subsystem, component, or spare part, including—

(i) For products under paragraph (3)(i) of the “commercial product” definition at FAR 2.101, a description of the modification and documentation to support that the modification is customarily available in the marketplace; or

(ii) For products under paragraph (3)(ii) of the “commercial product” definition at FAR 2.101, a detailed description of the modification and detailed technical data to demonstrate that the modification is minor (e.g., information on production processes and material differences); and

(3) The national stock number (NSN) for the comparable commercial product, if one is assigned, and the NSN for the subsystem, component, or spare part; or

(4) If the Offeror does not sell a comparable commercial product to the general public or nongovernmental entities for purposes other than government purposes, the Offeror shall—

(i) Notify the Contracting Officer in writing that it does not sell such a comparable product; and

(ii) Provide the Contracting Officer with a comparison of the physical characteristics and functionality of the most comparable commercial product in the commercial market.

(C) For items priced based on a catalog—

(1) A copy of or identification of the Offeror’s current catalog showing the price for that item; and

(2) If the catalog pricing provided with this proposal is not consistent with all relevant sales data, a detailed description of differences or inconsistencies between or among the relevant sales data, the proposed price, and

the catalog price (including any related discounts, refunds, rebates, offsets, or other adjustments);

(D) For items priced based on market pricing, a description of the nature of the commercial market, the methodology used to establish a market price, and all relevant sales data. The description shall be adequate to permit DoD to verify the accuracy of the description;

(E) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item; or

(F) For items provided by nontraditional defense contractors, a statement that the entity is not currently performing and has not performed, for at least the 1-year period preceding the solicitation of sources by DoD for the procurement or transaction, any contract or subcontract for DoD that is subject to full coverage under the cost accounting standards prescribed pursuant to 41 U.S.C. 1502 and the regulations implementing such section.

(2) The Offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and to determine the reasonableness of price.

(c) *Requirements for certified cost or pricing data.* If the Offeror is not granted an exception from the requirement to submit certified cost or pricing data, the following applies:

(1) The Offeror shall submit certified cost or pricing data and supporting attachments in the following format: *[Insert description of the data and format that are required, and include access to records necessary to permit an adequate evaluation of the proposed price in accordance with FAR 15.408-2, Table 15-1, Note 2. The Contracting Officer shall insert the description at the time of issuing the solicitation or specify that the format regularly maintained by the offeror or prospective subcontractor in its business operations will be acceptable. The Contracting Officer may amend the description as the result of negotiations.]*

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the Offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.403-4.

(3) The Offeror is responsible for determining whether a subcontractor qualifies for an exception from the requirement for submission of certified cost or pricing data on the basis of adequate price competition, i.e., two or more responsible offerors, competing independently, submit priced offers that satisfy the Government's expressed requirement in accordance with FAR 15.403-2(c)(1)(ii).

(d) *Requirements for data other than certified cost or pricing data.*

(1) Data other than certified cost or pricing data submitted in accordance with this provision shall include all data necessary to permit a determination that the proposed price is fair and reasonable, to include the requirements in Defense Federal Acquisition Regulation Supplement (DFARS) 215.402-70(a)(1), 215.404-170, and 234.7002(e).

(2) In cases in which uncertified cost data is required, the information shall be provided in the form in which it is regularly maintained by the Offeror or prospective subcontractor in its business operations.

(3) If the Offeror redacts data that identifies the customer (see DFARS 234.7002(e)(2)), then the Offeror shall include, for each sale, the following signed statement with the data submitted:

“By submission of this data, the Offeror [*Offeror insert company name*] certifies that the customer was [*Offeror insert one or more of the following as applicable: a government customer (e.g., Federal, state, local, or foreign government); a commercial customer purchasing the same or similar product for governmental purposes; or a commercial customer purchasing the same or similar product for a commercial, mixed, or unknown purpose*].”

(4) The Offeror shall provide information described as follows: [*Insert description of the data and the format that are required, including access to records necessary to permit an adequate evaluation of the proposed price in accordance with 15.403-1 or DFARS 234.7002(e)*].

(5) Within 10 days of a written request from the Contracting Officer for additional information to support proposal analysis, the Offeror shall provide either the requested information, or a written explanation for the inability to fully comply.

(6) *Subcontract price evaluation.*

(i) Offerors shall obtain from subcontractors the information necessary to support a determination of price reasonableness, as described in FAR part 15 and DFARS part 215.

(ii) No cost information may be required from a prospective subcontractor in any case in which there are sufficient non-Government sales of the same item to establish reasonableness of price.

(iii) If the Offeror relies on relevant sales data for similar items to determine the price is reasonable, the Offeror shall obtain only that technical information necessary—

(A) To support the conclusion that items are technically similar; and

(B) To explain any technical differences that account for variances between the proposed prices and the sales data presented.

(e) *Subcontracts.* The Offeror shall insert the substance of this provision, including this paragraph (e), in all subcontracts exceeding the simplified acquisition threshold defined in FAR part 2. The Offeror shall require prospective subcontractors to adhere to the requirements of—

(1) Paragraph (c) and (d) of this provision for subcontracts above the threshold for submission of certified cost or pricing data in 215.403-3(a); and

(2) Paragraph (d) of this provision for subcontracts exceeding the simplified acquisition threshold defined in FAR part 2.

(End of provision)

**252.215-7011 Requirements for Submission of Proposals to the Administrative Contracting Officer and Contract Auditor.**

As prescribed in 215.110-70(e)(2), use the following provision:

REQUIREMENTS FOR SUBMISSION OF PROPOSALS TO THE  
ADMINISTRATIVE CONTRACTING OFFICER AND CONTRACT AUDITOR  
(JAN 2018)

When the proposal is submitted, the Offeror shall also submit one copy each to—

- (a) The Administrative Contracting Officer; and
- (b) The Contract Auditor.

(End of provision)

**252.215-7012 Requirements for Submission of Proposals via Electronic Media.**

As prescribed in 215.110-70(e)(3), use the following provision:

REQUIREMENTS FOR SUBMISSION OF PROPOSALS VIA ELECTRONIC  
MEDIA (JAN 2018)

The Offeror shall submit the cost portion of the proposal via the following electronic media: *[Insert media format, e.g., electronic spreadsheet format, electronic mail, etc.]*

(End of provision)

**252.215-7013 Supplies and Services Provided by Nontraditional Defense Contractors.**

As prescribed in 215.110-70(f), use the following provision:

SUPPLIES AND SERVICES PROVIDED BY NONTRADITIONAL DEFENSE  
CONTRACTORS (JAN 2023)

Offerors are advised that in accordance with 10 U.S.C. 3457, supplies and services provided by a nontraditional defense contractor, as defined in DFARS [202.101](#), may be treated as commercial products or commercial services. The decision to apply commercial product or commercial service procedures to the procurement of supplies and services from a nontraditional defense contractor does not require a commercial product or commercial service determination and does not mean the supplies or services are commercial.

(End of provision)

**252.215-7014 Exception from Certified Cost or Pricing Data Requirements for Foreign Military Sales Indirect Offsets.**

As prescribed in 215.110-70(g), use the following clause:

**EXCEPTION FROM CERTIFIED COST OR PRICING DATA REQUIREMENTS FOR FOREIGN MILITARY SALES INDIRECT OFFSETS (DEC 2022)**

(a) *Definition.* As used in this clause—

“Offset” means a benefit or obligation agreed to by a contractor and a foreign government or international organization as an inducement or condition to purchase supplies or services pursuant to a foreign military sale (FMS). There are two types of offsets: direct offsets and indirect offsets.

(1) A direct offset involves benefits or obligations, including supplies or services that are directly related to the item being purchased and are integral to the deliverable of the FMS contract. For example, as a condition of a foreign military sale, the contractor may require or agree to permit the customer to produce in its country certain components or subsystems of the item being sold. Generally, direct offsets must be performed within a specified period, because they are integral to the deliverable of the FMS contract.

(2) An indirect offset involves benefits or obligations, including supplies or services that are not directly related to the specific item(s) being purchased and are not integral to the deliverable of the FMS contract. For example, as a condition of a foreign military sale, the contractor may agree to purchase certain manufactured products, agricultural commodities, raw materials, or services, or make an equity investment or grant of equipment required by the FMS customer, or may agree to build a school, road or other facility. Indirect offsets would also include projects that are related to the FMS contract but not purchased under said contract (e.g., a project to develop or advance a capability, technology transfer, or know-how in a foreign company). Indirect offsets may be accomplished without a clearly defined period of performance.

(b) *Exceptions from certified cost or pricing data requirements.* Notwithstanding the requirements of Federal Acquisition Regulation (FAR) 52.215-20, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data, in the case of this contract or a subcontract, and FAR 52.215-21, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data—Modifications, in the case of modification of this contract or a subcontract, submission of certified cost or pricing data shall not be required to the extent such data relates to an indirect offset (10 U.S.C. 3703(a)(4)).

(End of clause)

**252.215-7995 Program Should-Cost Review. (DEVIATION 2026-O0048)**

As prescribed in 215.110-70(h), use the following clause:

**PROGRAM SHOULD-COST REVIEW (DEVIATION 2026-O0048) (MAR 2026)**

(a) The Government has the right to perform a program should-cost review, as described in Federal Acquisition Regulation (FAR) 15.405-4(b). The review may be conducted in support of a particular contract proposal or during contract performance to find opportunities to reduce program costs. The Government will

communicate the elements of the proposed should-cost review to the prime contractor (Pub. L. 115-91).

(b) If the Government performs a program should-cost review, upon the Government's request, the Contractor shall provide access to accurate and complete cost data and Contractor facilities and personnel necessary to permit the Government to perform the program should-cost review.

(c) The Government has the right to use third-party experts to supplement the program should-cost review team. The Contractor shall provide access to the Contractor's facilities and information necessary to support the program should-cost review to any third-party experts who have signed non-disclosure agreements in accordance with the FAR 52.203-16.

(End of clause)

**252.215-7996 Notification to Offerors—Postaward Debriefings.  
(DEVIATION 2026-O0048)**

As prescribed in 215.301-70, use the following provision:

NOTIFICATION TO OFFERORS—POSTAWARD DEBRIEFINGS (DEVIATION  
2026-O0048) (MAR 2026)

(a) *Definition.* As used in this provision—

“Nontraditional defense contractor” means an entity that is not currently performing and has not performed any contract or subcontract for DoD that is subject to full coverage under the cost accounting standards prescribed pursuant to 41 U.S.C. 1502 and the regulations implementing such section, for at least the 1-year period preceding the solicitation of sources by DoD for the procurement (10 U.S.C. 3014).

(b) *Postaward debriefing.*

(1) Upon timely request, the Government will provide a written or oral postaward debriefing to successful or unsuccessful offerors for contract awards valued at \$15 million

(2) When required, the minimum postaward debriefing information will include the following:

(i) For contracts in excess of \$15 million and not in excess of \$150 million with a small business or nontraditional defense contractor, an option for the small business or nontraditional defense contractor to request disclosure of the agency's written source selection decision document, redacted to protect the confidential and proprietary information of other offerors for the contract award.

(ii) For contracts in excess of \$150 million, disclosure of the agency's written source selection decision document, redacted to protect the confidential and proprietary information of other offerors for the contract award.

(3) If a required postaward debriefing is provided—

(i) The debriefed Offeror may submit additional written questions related to the debriefing not later than 2 business days after the date of the debriefing;

(ii) The agency will respond in writing to timely submitted additional questions within 5 business days after receipt by the contracting officer; and

(iii) The postaward debriefing will not be considered to be concluded until the later of—

(A) The date that the postaward debriefing is delivered, orally or in writing; or

(B) If additional written questions related to the debriefing are timely received, the date the agency delivers its written response.

(c) *Contract performance.* The Government may suspend performance of or terminate the awarded contract upon notice from the Government Accountability Office of a protest filed within the time periods listed in paragraphs (c)(1) through (3) of this provision, whichever is later:

(1) Within 10 days after the date of contract award.

(2) Within 5 days after a debriefing date offered to the protestor under a timely debriefing request in accordance with Federal Acquisition Regulation (FAR) 15.301 unless an earlier debriefing date is negotiated as a result.

(3) Within 5 days after a postaward debriefing under FAR 15.301 is concluded in accordance with Defense Federal Acquisition Regulation Supplement 215.301-170.

(End of provision)

## **PGI 215—CONTRACTING BY NEGOTIATION**

### **PGI 215.1—PRESOLICITATION AND SOLICITATION**

#### **PGI 215.103 Developing a competitive source selection approach**

##### **PGI 215.103-270 Limitations and prohibitions.**

(a) *Limitations.*

(1)(vi) Obtain guidance from the requiring activity when it is unclear whether a supply is “predominately expendable in nature” or “nontechnical,” or has a “short life expectancy” or “short shelf life.” In such situations, only use the lowest price technically acceptable source selection process if the requiring activity establishes that the goods to be procured are predominantly expendable in nature, are nontechnical, or have a short life expectancy or short shelf life.

(vii) Document the contract file with a determination from the requiring activity that the lowest priced offer reflects full life-cycle costs for the supply or service. For services, full life-cycle costs are equal to the contract cost of the services.

##### **PGI 215.104 Establishing competitive evaluation factors and significant subfactors.**

###### **PGI 215.104-70 Establishing competitive evaluation factors and significant subfactors.**

(a)(1) Evaluation factors may include—

- (i) The extent to which such firms are specifically identified in proposals,
- (ii) The extent of commitment to use such firms (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones),
- (iii) The complexity and variety of the work small firms are to perform,
- (iv) The realism of the proposal,
- (v) Past performance of the offerors in complying with requirements of the clauses at FAR 52.219-8, Utilization of Small Business Concerns, and 52.219-9, Small Business Subcontracting Plan, and
- (vi) Participation of such firms in terms of the value of the total acquisition.

(c) Using authority granted in section 806 of Pub. L. 111-383 to exclude a source based on supply chain risk requires an evaluation factor for supply chain risk, as specified at DFARS 240.271-6. Evaluating supply chain risk requires review of the supply chain, including all information technology subcontractors and suppliers that are proposed for use at any time in the performance of the contract and may involve the use of all-source intelligence information. The requiring activity is responsible for obtaining any necessary all-source intelligence information and must inform the contracting officer and source selection authority of the results of the review for use in evaluating offers.

**PGI 215.104-71 Evaluation factor for employing or subcontracting with members of the Selected Reserve.**

(b) *Evaluation factor.*

(1) This evaluation factor may be used as an incentive to encourage contractors to use employees or individual subcontractors who are members of the Selected Reserve.

(2) As with all evaluation factors and subfactors, the contracting officer should consider the impact the inclusion of this factor will have on the resulting contract and weight it accordingly.

**PGI 215.105 Other considerations.**

**PGI 215.105-5 Make-or-buy decision.**

(c)(2) *RFP requirements.* Consider the following factors when deciding whether to request a make-or-buy plan—

- (i) The prime contractor's assumption of risk;
- (ii) The prime contractor's plant capacity;
- (iii) The prime contractor's degree of vertical integration;
- (iv) The prime contractor's internal resources;
- (v) The anticipated contract type;
- (vi) The complexity, uniqueness, or configuration maturity associated with the end item or its subsystems;
- (vii) Critical path items;
- (viii) The impact on contract overhead rates with respect to maintaining work in-house;
- (ix) The industrial base that could potentially satisfy some system requirements, based on market survey;
- (x) Proprietary data and/or trade secrets;
- (xi) Potential product quality concerns associated with items that would be subject to subcontracting;
- (xii) Integrated master schedule timelines and their tolerances for variation;
- (xiii) The availability and experience of program office personnel to credibly analyze and evaluate a submission; and
- (xiv) Socioeconomic considerations, e.g. small business or labor surplus area concerns.

## **PGI 215.2—EVALUATION AND AWARD**

### **PGI 215.200 Scope.**

See the policy tab for Principal Director, Defense Pricing and Contracting memorandum dated August 20, 2022, entitled “Department of Defense Source Selection Procedures” that provides the procedures for conducting negotiated, competitive acquisitions utilizing FAR part 15 procedures.

### **PGI 215.201 Source selection responsibilities.**

(b)(2) The source selection plan is —

(A) Prepared and maintained by a person designated by the source selection authority or as prescribed by agency procedures; and

(B) Coordinated with the contracting officer and senior advisory group, if any, within the source selection organization.

### **PGI 215.202-71 Only one offer.**

(b) Promote competition.

(2) For competitive solicitations in which more than one potential offeror expressed an interest in an acquisition, but only one offer was ultimately received—

(i) Seek feedback (e.g., issue an RFI) after award from potential offerors expected to submit an offer; and

(ii) Document any feedback received in the contract file.

(3) Agencies must use any feedback received when considering how to overcome barriers to competition for future requirements.

## **PGI 215.3—POSTAWARD**

### **PGI 215.300 Scope.**

### **PGI 215.304-70 Voluntary disclosure of defective certified cost or pricing data after award.**

(a) Contact the Defense Contract Audit Agency (DCAA) to determine the appropriate level of audit assistance required for the circumstances (e.g., nature or dollar amount of the defective pricing disclosure): limited-scope audit (e.g., limited to the affected cost elements of the defective pricing disclosure), full-scope audit, or technical assistance. Discussion topics must include:

(1) Completeness of the contractor’s voluntary disclosure on the affected contract.

(2) Accuracy of the contractor’s cost impact calculation for the affected contract.

(3) Potential impact on existing contracts, task or deliver orders, or other proposals the contractor has submitted to the Government.

(b) Voluntary disclosure of defective pricing is not a voluntary refund as defined in 242.7100 and does not waive the Government's entitlement to the recovery of any overpayment plus interest on the overpayments in accordance with FAR 15.304(a)(1).

(c) Voluntary disclosure of defective pricing does not waive the Government's rights to pursue defective pricing claims on the affected contract or any other Government contract.

**PGI 215.305 Estimating systems.**

**PGI 215.305-70 Disclosure, maintenance, and review requirements.**

(d) *Disposition of findings.*

(2) *Initial determination.*

(ii)(A) Within 30 days of receiving the report, provide an initial determination of material weaknesses and a copy of the report to the contractor.

(C) *Evaluation of contractor's response.* Within 30 days of receiving the contractor's response to the initial determination, evaluate the contractor's response and make a final determination.

(3) *Final determination.*

(ii)(A) *Monitoring contractor's corrective action.* Monitor, with the auditor, the contractor's progress in correcting material weaknesses. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the weaknesses and deficiencies, including withdrawing or withholding approval of the system; elevating the issue to the attention of higher level management; reducing or suspending progress payments (see FAR 32.503-6); recommending non-award of potential contracts, as applicable; and increasing the withholding in accordance with [252.242-7005](#), Contractor Business Systems.

(B) *Correction of material weaknesses.*

(1) The contractor is required to notify the contracting officer that it has corrected the material weaknesses. Upon receiving notification, request the auditor review the correction to determine if the material weaknesses have been resolved.

(2) Make a determination if the contractor has corrected the material weaknesses.

(3) If the contractor has corrected the material weaknesses, send the contracting officer's notification to the auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring activities; and each contracting and contract administration office having substantial business with the contractor, as applicable.

## **PGI 215.4—CONTRACT PRICING**

### **PGI 215.400 Scope of subpart.**

### **PGI 215.402 General.**

#### **PGI 215.402-70 Contract pricing—General.**

(b)(1) Contracting officers must purchase supplies and services from responsible sources at fair and reasonable prices. The Truthful Cost and Pricing statutes (10 U.S.C. chapter 271 and 41 U.S.C. chapter 35) require offerors to submit certified cost or pricing data if a procurement exceeds the Truthful Cost and Pricing threshold, and none of the exceptions to certified cost or pricing data requirements applies. Under the Truthful Cost and Pricing statute, the contracting officer obtains accurate, complete, and current data from offerors to establish a fair and reasonable price (see FAR 15.403-3 and 215.403-3(a)). The Truthful Cost and Pricing statutes also allow for a price adjustment remedy if it is later found that a contractor did not provide accurate, complete, and current data.

(2) When certified cost or pricing data are not required, and the contracting officer does not have sufficient data to determine price reasonableness, FAR 15.402(a)(2) requires the offeror to provide whatever data the contracting officer needs in order to determine fair and reasonable prices.

(3) Obtaining sufficient data from the offeror is particularly critical in situations where a product or service is determined to be a commercial product or commercial service in accordance with FAR 2.101 and the contract is being awarded on a sole source basis. This includes commercial sales data of products or services sold in similar quantities and, if such data is insufficient, cost data to support the proposed price.

(4) See PGI 215.404-70 and the [Department of Defense Guidebook for Acquiring Commercial Items, Part B: Pricing Commercial Items](#), for more detailed procedures and guidance on obtaining data needed to determine fair and reasonable prices.

### **PGI 215.403 Obtaining cost or pricing data.**

#### **PGI 215.403-1 Data other than certified cost or pricing data.**

(b)(1) If certified cost or pricing data are not required by FAR 15.403-3 or 215.403-3(a) and there is no other means for the contracting officer to determine that prices are fair and reasonable, the offeror is required to submit “data other than certified cost or pricing data” (see definition at FAR 2.101). In accordance with FAR 15.403-1(b), the offeror must provide appropriate data on the prices at which the same or similar items have previously been sold, adequate for determining the reasonableness of the price. The following clarifies the requirements of this section—

(i) *Data other than certified cost or pricing data.* When certified cost or pricing data are not required, obtain whatever data is necessary in order to determine the reasonableness of the price. The FAR defines this as “data other than certified cost or pricing data.” When TINA does not apply and there is no other means of determining that prices are fair and reasonable, obtain appropriate data on the prices at which the same or similar items have been sold previously, adequate for evaluating the reasonableness of the price. Sales data must be comparable to the quantities, capabilities, specifications, etc., of the product or service proposed. Sufficient steps must be taken to verify the integrity of the

sales data, to include assistance from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other agencies if required. See PGI 215.404-70 for more detailed procedures for obtaining data from offerors to determine price reasonableness.

(ii) *Previously been sold.* Request offerors provide data related to prior sales (or “offered for sale”) in support of price reasonableness determinations.

(iii) *Adequacy of sales data for pricing.* Determine if the prior sales data is sufficient for determining that prices are fair and reasonable. If the sales data is not sufficient, obtain additional data, including cost data if necessary. See PGI 215.404-70 for more detailed procedures for obtaining whatever data is needed to determine fair and reasonable prices.

(c) Prepare a written request that clearly describes the required data, the reason the data is required to determine fair and reasonable pricing, and the due date for submission. Request data in the offeror’s existing format but require appropriate explanations if necessary to enable analysis (see FAR 15.105-4(b)(2)). When a request for proposal contains solicitation provision DFARS 252.215-7994, offerors are to respond to data requests within 10 days.

**PGI 215.403-170 Contracting officer responsibilities.**

(a) *Analysis of historical prices paid by the Government.*

(i) Consider prices paid by the Government and commercial customers. Do not rely solely on a prior price paid by the Government without further analysis (see FAR 15.404-1).

(A) Verify and document that sufficient analysis was performed on the prior price to determine that the prior price was fair and reasonable. Sometimes, due to urgent situations, supplies or services are purchased even though an adequate price or cost analysis could not be performed. The problem is exacerbated when other contracting officers assume these prices were adequately analyzed and determined to be fair and reasonable.

(B) Investigate and document the following considerations:

(1) Verify that the quantities were similar for pricing purposes, making adjustments as necessary to ensure comparability with the current quantity requirement;

(2) Consider whether the historical purchases were recent enough to be relevant for the purpose of establishing price reasonableness of the current acquisition, and escalate or deflate the historical prices as appropriate to facilitate comparison to the current proposed price; and

(3) Validate that the terms and conditions associated with the historical purchases were comparable to the current terms and conditions, or adjust the historical prices in a manner that accounts for the materially differing terms and conditions.

(ii) Not verifying that a previous analysis was performed, or the consistencies in quantities, has been a recurring issue on sole source commercial products and commercial services reported by oversight organizations. Sole source commercial products and

commercial services require extra attention to verify that previous prices paid on Government contracts were sufficiently analyzed and determined to be fair and reasonable.

(iii) At a minimum, review price history and discuss the basis of previous prices paid with the contracting organization that previously bought the item. Document the discussions in the contract file.

(b) *Refusals to submit data.*

(i) When additional data is required to determine price reasonableness and the offeror does not respond to data requests (see PGI 215.403-1(c)), use the following sequence of steps—

(A) If the offeror does not submit the requested data on time, document any missed deadlines in the contract file. If the offeror does not respond or refuses to provide the requested data, elevate the issue within the contracting activity.

(B) The contracting activity, with support from the contracting officer, may engage the offeror's leadership for resolution.

(C) If the offeror continues to refuse to provide the data, the contracting activity will elevate the issue to the head of the contracting activity for a determination in accordance with DFARS 215.403-170(b).

(D) Document the contract file to describe—

(1) The data requested and the need for that data;

(2) Why there is currently no other alternative but to procure the item from this particular source; and

(3) A written plan for avoiding this situation in the future (e.g., develop a second source by...; bring the procurement in house to the Government by...).

(E) Consistent with the requirements at FAR 15.104 and 42.1102 and the Contractor Performance Assessment Reporting System (CPARS), unless exempted by the HCA, provide input into the past performance system, noting the offeror's refusal to provide requested information.

(ii) *Delegation.* The HCA may delegate, no lower than one level above the contracting officer, the authority to determine whether it is in the best interest of the Government to issue an award in accordance with DFARS 215.403-170(b). This individual may be the individual responsible for approval of the prenegotiation objective (see DFARS 215.408-1), unless that individual is the contracting officer.

(iii) *Reporting requirements.*

(A) Document, collect, and provide a report in the standard digital format (see paragraph (b)(iii)(B) of this subsection) to the HCA of all denials of contracting officer requests to offerors or contractors for data other than certified cost or pricing data that are not resolved through the elevation process at (b)(i) of this section and, therefore, require a determination by the HCA in accordance with DFARS 215.403-170(b). Place the HCA determination in the contract file.

(B) The HCA shall consolidate and validate this information for all impacted contracts and modifications regardless of dollar value and submit the information in the standard digital format available at [https://www.acq.osd.mil/dpap/dars/pgi/docs/Data\\_Denials\\_Template\\_9-26-23.xlsx](https://www.acq.osd.mil/dpap/dars/pgi/docs/Data_Denials_Template_9-26-23.xlsx). A completed report or note of no findings is required to fulfill the reporting requirement to the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (DPCAP). Reports are due to DPCAP 30 days after the end of each quarterly reporting period. HCAs must transmit reports electronically to DPCAP at [osd.pentagon.ousd-a-s.mbx.dpc-pcf@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dpc-pcf@mail.mil) for incorporation into the “Annual Report to Congress on Denials of Contracting Officer Uncertified Cost or Pricing Data Requests” submitted by the Under Secretary of Defense for Acquisition and Sustainment in accordance with 10 U.S.C. 3705(b)(2)(B).

(C) HCAs must provide only the data denial section of the report that is applicable to the contractor or offeror reported within than 30 calendar days after receiving sections of the report in (B) from the Under Secretary of Defense for Acquisition and Sustainment. For subcontractors and interorganizational transfers, the HCA must provide a copy directly to the prime contractor for submittal to the applicable subcontractor or transferring organization.

**PGI 215.403-2 Prohibitions on obtaining certified cost or pricing data.**

**PGI 215.403-270 Prohibition on obtaining certified cost or pricing data**

(a)(1) *Exceptions to certified cost or pricing data requirements.* Even if an exception to certified cost or pricing data applies, the contracting officer is still required to determine price reasonableness.

(b) *Waivers.*

(1) *Exceptional case TINA waiver.*

(i) In determining that an exceptional case TINA waiver is appropriate, the HCA must ensure that the supplies or services could not be obtained without the waiver and that the determination is clearly documented. The intent is not to relieve entities that normally perform Government contracts subject to TINA from an obligation to certify that cost or pricing data are accurate, complete, and current. Instead, use waivers judiciously, in situations where the Government could not otherwise obtain a needed item without a waiver. A prime example would be when a particular company offers an item that is essential to DoD’s mission but is not available from other sources, and the company refuses to submit certified cost or pricing data. In such cases, a waiver may be appropriate. However, the procuring agency should, in conjunction with the waiver, develop a strategy for procuring the item in the future that will not require such a waiver (e.g., develop a second source, develop an alternative product that satisfies the department’s needs, or have DoD produce the item).

(ii) *Senior procurement executive coordination.* An exceptional case TINA waiver that exceeds \$100 million shall be coordinated with the senior procurement executive prior to granting the waiver.

(iii) *Waiver for part of a proposal.* The requirement for submission of certified cost or pricing data may be waived for part of an offeror’s proposed price when it is possible to clearly identify that part of the offeror’s cost proposal to which the waiver applies as separate and distinct from the balance of the proposal. In granting a partial waiver, in

addition to complying with the requirements in DFARS 215.403-270(b)(3), the HCA must address why it is in the Government's best interests to grant a partial waiver, given that the offeror has no objection to certifying to the balance of its cost proposal.

(iv) *Waivers for unpriced supplies or services.* Because there is no price, unpriced supplies or services cannot be subject to cost or pricing data certification requirements. The Government cannot agree in advance to waive certification requirements for unpriced supplies or services, and may only consider a waiver at such time as an offeror proposes a price that would otherwise be subject to certification requirements.

(2) *Annual Reporting Requirement.* By November 30th of each year, departments and agencies must provide a report to the Office of the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (Price, Cost and Finance), of all waivers granted during the previous fiscal year under FAR 15.403-2(b)(4) and DFARS 215.403-270(b)(1) for any contract, subcontract, or modification expected to have a value of \$25 million or more. The annual report of waiver of TINA requirements shall include the following—

Title: Waiver of TINA Requirements

(A) Contract number, including modification number, if applicable, and program name.

(B) Contractor name.

(C) Contracting activity.

(D) Total dollar amount waived.

(E) Brief description of why the item(s) could not be obtained without a waiver.

(F) Brief description of the specific steps taken to ensure price reasonableness.

(G) Brief description of the demonstrated benefits of granting the waiver.

(3) *Waivers applicable to the Canadian Commercial Corporation.* All contracts with the Canadian Commercial Corporation (CCC) are placed in accordance with the practices, policies and procedures of the Government of Canada covering procurement for defense purposes (see PGI 225.870). Contracting Officers may rely on the confirmation and endorsement of the offer from the Canadian Commercial Corporation at 225.870-3(a) as an endorsement of the cost/price as no more than would be charged to the Canadian government.

(i) When 252.215-7990 or 252.215-7991 are included in a solicitation with the Canadian Commercial Corporation, the data required by paragraph (b)(i) and (ii), in concert with the confirmation and endorsement of the offer, is intended to meet the requirements of FAR 15.408-2 for documentation of fair and reasonable pricing.

(ii) Support the Use of 252.215-7990 or 252.215-7991 in sole source acquisitions not meeting the threshold at 215.110-70(b)(1)(i)(A) or (b)(2)(i)(A) or competitive acquisitions at any dollar value with a determination and finding justifying the anticipated

need for data other than certified cost or pricing data to determine a fair and reasonable price.

(iii) When the need for additional data to establish a fair and reasonable price, specific data is anticipated, request the data in the solicitation using 252.215-7990.

(iv) Examples of clause use:

<b>Scenario</b>	<b>Requirement</b>
Sole source to CCC, fixed price, with estimated value of \$600 million.	Include provision and clause in accordance with 215.110-70(b)(1)(i)(A)(2) and (b)(2)(i)(A)(2), respectively, because estimated value exceeds \$500 million.
Sole source to CCC, cost reimbursement, with estimated value of \$800,000.	Include provision and clause in accordance with 215.110-70(b)(1)(i)(A)(1) and (b)(2)(i)(A)(1), respectively, because estimated value exceeds \$700,000.
Sole source to CCC, cost-reimbursement, with estimated value of \$500,000.	Do not include provision and clause, unless D&F is approved in accordance with 215.110-70(b)(1)(i)(B) and (b)(2)(i)(B), respectively, because estimated value does not exceed \$700,000.
Sole source to CCC, fixed price, with estimated value of \$800,000	Do not include provision and clause, unless D&F is approved in accordance with 215.110-70(b)(1)(i)(B) and (b)(2)(i)(B), respectively, because estimated value does not exceed \$500 million.
Modifications to contracts that include the clause <a href="#">252.215-7991</a> .	If <a href="#">252.215-7991</a> is included in the contract, then data are required for modifications valued above the simplified acquisition threshold, or a higher threshold specified in the solicitation by the contracting officer, in accordance with <a href="#">252.215-7991</a> (b).

**PGI 215.403-4 Certificate of current cost or pricing data.**

(a) Prior to the start of negotiations, contracting officers should notify offerors and contractors that—

(1) A Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.403-4, must be submitted as soon as practicable after agreement on price (preferably within 5 days after price agreement), but before contract award or execution of a modification (except for unpriced actions such as letter contracts).

(2) A Certificate of Current Cost or Pricing Data that deviates from the language specified in FAR 15.403-4 or has been amended to include certification of data submitted after the date of price agreement, will not be accepted.

(b) If any data is submitted after the date of price agreement, contracting officers must—

(1) Notify offerors in writing that such data will not be reviewed until after contract award and will be dispositioned in accordance with FAR 15.304 and FAR clause 52.215-10 or 52.215-11, as applicable, or

(2) Consider the previous price agreement null and void, and prior to award—

(i) Reopen negotiations to assess the impact of the data submitted after the date of price agreement (“sweep data”),

(ii) Reestablish price agreement based on cost or pricing data that is accurate, complete, and current as of the date of the revised agreement on price, and

(iii) Obtain a new Certificate of Current Cost or Pricing Data for any new or revised data submitted after the previous certification.

(3) If a contractor persistently submits untimely “sweep” data or fails to timely submit cost or pricing data or the certification that the data are accurate, complete, and current as of the date of price agreement, the contracting officer should refer the matter to the Defense Contract Audit Agency (DCAA) via the Administrative Contracting Officer, Divisional Administrative Contracting Officer, or Corporate Administrative Contracting Officer, as appropriate, for consideration in DCAA’s review of the adequacy of the contractor’s estimating system.

#### **PGI 215.404 Cost and/or price analysis.**

#### **PGI 215.404-170 Price Analysis.**

(a) See the Department of [Defense Guidebook for Acquiring Commercial Items, Part B: Pricing Commercial Items](#), for detailed guidance about techniques and approaches to pricing commercial products and commercial services.

(e) Contracting officers must obtain and document sufficient data to confirm that previous prices paid by the Government were based on a thorough price and/or cost analysis. For example, it would not be sufficient to use price(s) from a database paid by another contracting officer without understanding the type of analysis that was performed to determine the reasonableness of the price(s), and without verifying that the quantities were similar for pricing purposes. This does not necessarily need to be another analysis, but there should be coordination with the other office that acknowledges an analysis was performed previously.

(g) DoD’s cadre of experts within the Defense Contract Management Agency (DCMA) will provide assistance with commercial product or commercial service determinations and price reasonableness determinations. Information about how to obtain advisory assistance from DCMA’s Commercial Item Group is available via email at [dcma.boston-ma.eastern-rc.mbx.Commercial@mail.mil](mailto:dcma.boston-ma.eastern-rc.mbx.Commercial@mail.mil) or at <http://www.dcma.mil/commercial-item-group/>.

#### **PGI 215.404-2 Cost Analysis.**

(a)(1) When the contracting officer cannot obtain sufficient data to perform a price analysis in accordance with FAR 15.404-1, a cost analysis is required.

(2) When a solicitation is not subject to TINA and a cost analysis is required, clearly communicate to the offeror or contractor the cost data that will be needed to determine if the proposed price is fair and reasonable. See PGI 215.403-1(c).

(3) Consider the need for field pricing support from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other agencies. See PGI 215.404-4 and 215.406.

**PGI 215.404-4 Technical cost or price analysis.**

Technical review can assist in evaluating the changes that are required to get from the “similar to” item to the item being solicited. This may establish sufficient price/cost analysis techniques to determine the price for the item being solicited is fair and reasonable. Information about how to obtain advisory assistance from the DoD cadre of experts in the DCMA CIG is available via email at [dcma.boston-ma.eastern-rc.mbx.Commercial@mail.mil](mailto:dcma.boston-ma.eastern-rc.mbx.Commercial@mail.mil) or at <http://www.dcmamil.commercial-item-group/>.

**PGI 215.404-7 Review and justification of pass-through contracts.**

(a) This requirement applies to acquisitions that include the clause at FAR 52.215-23, Limitations on Pass-Through Charges, as prescribed at FAR 15.110(v)(2)(i). When considering alternative approaches or making the determination that the contracting approach selected is in the best interest of the Government as required by FAR 15.404-7, consider the following elements—

(1) The requirement, proposed prime contractor, and overall proposed contract value.

(2) The information provided in response to the provision at FAR 52.215-22, Limitations on Pass-Through Charges—Identification of Subcontract Effort, regarding the subcontracts, and the estimated value of the proposed subcontracts.

(3) The availability of alternative existing contracts that would allow direct access to the subcontractor, such as existing indefinite delivery/indefinite quantity contracts, Federal Supply Schedule contracts, or Governmentwide agency contracts. Perform market research as appropriate.

(4) Potential cost savings of directly contracting with the subcontractor.

(5) Feasibility of competition for the subcontracted effort or justification for single source procurement.

(6) Potential impacts to the contracting and program schedule for implementing a direct contract with the subcontractors or conducting a competition for the subcontracted effort.

(7) Changes in performance risk as result of eliminating prime contractor oversight and substituting direct government oversight. Risks may include loss of prime contractor knowledge of integration and program requirements, availability of government contracting and contract administration personnel, reduced system or program accountability of the prime contractor who is no longer responsible for the entire effort, impact on warranties.

(8) Subcontractor past performance and experience directly managing programs of this size.

(b) DoD components must include reviews of compliance in routine procurement management reviews or other inspections.

**PGI 215.404-8 Subcontract pricing considerations.**

(a) Consider the need for field pricing analysis and evaluation of lower-tier subcontractor proposals, and assistance to prime contractors when they are being denied access to lower-tier subcontractor records.

(1) When obtaining field pricing assistance on a prime contractor's proposal, the contracting officer should request audit or field pricing assistance to analyze and evaluate the proposal of a subcontractor at any tier (notwithstanding availability of data or analyses performed by the prime contractor) if the contracting officer believes that such assistance is necessary to ensure the reasonableness of the total proposed price. Such assistance may be appropriate when, for example—

(i) There is a business relationship between the contractor and the subcontractor not conducive to independence and objectivity;

(ii) The contractor is a sole source supplier and the subcontract costs represent a substantial part of the contract cost;

(iii) The contractor has been denied access to the subcontractor's records;

(iv) The contracting officer determines that, because of factors such as the size of the proposed subcontract price, audit or field pricing assistance for a subcontract at any tier is critical to a fully detailed analysis of the prime contractor's proposal;

(v) The contractor or higher-tier subcontractor has been cited for having significant estimating system deficiencies in the area of subcontract pricing, especially the failure to perform adequate cost analyses of proposed subcontract costs or to perform subcontract analyses prior to negotiation of the prime contract with the Government; or

(vi) A lower-tier subcontractor has been cited as having significant estimating system deficiencies.

(2) It may be appropriate for the contracting officer or the ACO to provide assistance to a contractor or subcontractor at any tier, when the contractor or higher-tier subcontractor has been denied access to a subcontractor's records in carrying out the responsibilities at FAR 15.404-8 to conduct price or cost analysis to determine the reasonableness of proposed subcontract prices. Under these circumstances, the contracting officer or the ACO should consider whether providing audit or field pricing assistance will serve a valid Government interest.

(3) When DoD performs the subcontract analysis, DoD must furnish to the prime contractor or higher-tier subcontractor, with the consent of the subcontractor reviewed, a summary of the analysis performed in determining any unacceptable costs included in the subcontract proposal. If the subcontractor withholds consent, DoD shall furnish a range of unacceptable costs for each element in such a way as to prevent disclosure of subcontractor proprietary data.

(4) Price redeterminable or fixed-price incentive contracts may include subcontracts placed on the same basis. When the contracting officer wants to reprice the prime contract even though the contractor has not yet established final prices for the subcontracts, the contracting officer may negotiate a firm contract price—

(i) If certified cost or pricing data on the subcontracts show the amounts to be reasonable and realistic; or

(ii) If certified cost or pricing data on the subcontracts are too indefinite to determine whether the amounts are reasonable and realistic, but—

(A) Circumstances require prompt negotiation; and

(B) A statement substantially as follows is included in the repricing modification of the prime contract:

As soon as the Contractor establishes firm prices for each subcontract listed below, the Contractor shall submit (in the format and with the level of detail specified by the Contracting Officer) to the Contracting Officer the subcontractor's cost incurred in performing the subcontract and the final subcontract price. The Contractor and the Contracting Officer shall negotiate an equitable adjustment in the total amount paid or to be paid under this contract to reflect the final subcontract price.

(5) If the selection of the subcontractor is based on a trade-off among cost or price and other non-cost factors rather than lowest price, the analysis supporting subcontractor selection should include a discussion of the factors considered in the selection (also see FAR 15.103 and 15.104 and DFARS 215.104-70). If the contractor's analysis is not adequate, return it for correction of deficiencies.

(6) Do not permit fees negotiated by contractors for cost-plus-fixed-fee subcontracts to exceed the statutory fee limitations in FAR 15.404-9(c)(4).

**PGI 215.404-970 DD Form 1547, Record of Weighted Guidelines Method Application.**

(a) The DD Form 1547—

(1) Provides a vehicle for performing the analysis necessary to develop a profit objective, and

(2) Provides a format for summarizing profit amounts subsequently negotiated as part of the contract price.

(b)(1) Use and prepare a DD Form 1547 whenever a structured approach to profit analysis is required by DFARS 215.404-970 (see PGI 215.404-971, 215.404-972, and 215.404-973 for guidance on using the structured approaches). Administrative instructions for completing the form are in PGI 253.215-70.

(2) Ensure that the DD Form 1547 is accurately completed. The contracting officer is responsible for the correction of any errors detected by the management system auditing process.

**PGI 215.404-971 Weighted guidelines method.**

(a) *General.*

(1) The weighted guidelines method focuses on four profit factors—

- (i) Performance risk,
- (ii) Contract type risk,
- (iii) Facilities capital employed, and
- (iv) Cost efficiency.

(2) Assign values to each profit factor; the value multiplied by the base results in the profit objective for that factor. Except for the cost efficiency special factor, each profit factor has a normal value and a designated range of values. The normal value is representative of average conditions on the prospective contract when compared to all goods and services acquired by DoD. The designated range provides values based on above normal or below normal conditions. In the price negotiation documentation, address conditions that justify assignment of other than the normal value. The cost efficiency special factor has no normal value. Exercise sound business judgment in selecting a value when this special factor is used (see 215.404-971(e)).

(b) Performance risk.

(1) *Description.* This profit factor addresses the contractor's degree of risk in fulfilling the contract requirements. The factor consists of two parts:

- (i) Technical--the technical uncertainties of performance.
- (ii) Management/cost control--the degree of management effort necessary—
  - (A) To ensure that contract requirements are met; and
  - (B) To reduce and control costs.

(2) *Determination.* The following extract from the DD Form 1547 is annotated to describe the process.

Item	Contractor Risk Factors	Assigned Weighting	Assigned Value	Base (Item 20)	Profit Objective
21.	Technical	(1)	(2)	N/A	N/A
22.	Management/ Cost Control	(1)	(2)	N/A	N/A
23.	Performance Risk (Composite)	N/A	(3)	(4)	(5)

(i) Assign a weight (percentage) to each element according to its input to the total performance risk. The total of the two weights equals 100 percent.

(ii) Select a value for each element from the list in paragraph (b)(3) of this section using the evaluation criteria in paragraphs (b)(4) and (b)(5) of this section.

(iii) Compute the composite as shown in the following example:

	Assigned Weighting	Assigned Value	Weighted Value
Technical	60%	5.0%	3.0%
Management/ Cost Control	40%	4.0%	1.6%
Composite Value	100%		4.6%

(iv) Insert the amount from Block 20 of the DD Form 1547. Block 20 is total contract costs, excluding facilities capital cost of money.

(v) Multiply (b)(2)(iii) by (b)(2)(iv).

(3) *Values: Normal and designated ranges.*

	Normal Value	Designated Range
Standard	5%	3% to 7%
Technology Incentive	9%	7% to 11%

(i) *Standard.* The standard designated range should apply to most contracts.

(ii) *Technology incentive.* For the technical factor only, contracting officers may use the technology incentive range for acquisitions that include development, production, or application of innovative new technologies. The technology incentive range does not apply to efforts restricted to studies, analyses, or demonstrations that have a technical report as their primary deliverable.

(4) *Evaluation criteria for technical.*

(i) Review the contract requirements and focus on the critical performance elements in the statement of work or specifications. Factors to consider include—

- (A) Technology being applied or developed by the contractor,
- (B) Technical complexity,
- (C) Program maturity,
- (D) Performance specifications and tolerances,
- (E) Delivery schedule, and
- (F) Extent of a warranty or guarantee.

(ii) *Above normal conditions.*

(A) The contracting officer may assign a higher than normal value in those cases where there is a substantial technical risk. Indicators are—

(1) Items are being manufactured using specifications with stringent tolerance limits,

(2) The efforts require highly skilled personnel or require the use of state-of-the-art machinery,

(3) The services and analytical efforts are extremely important to the Government and must be performed to exacting standards,

(4) The contractor's independent development and investment has reduced the Government's risk or cost,

(5) The contractor has accepted an accelerated delivery schedule to meet DoD requirements, or

(6) The contractor has assumed additional risk through warranty provisions.

(B) Extremely complex, vital efforts to overcome difficult technical obstacles that require personnel with exceptional abilities, experience, and professional credentials may justify a value significantly above normal.

(C) The following may justify a maximum value—

(1) Development or initial production of a new item, particularly if performance or quality specifications are tight, or

(2) A high degree of development or production concurrency.

(iii) *Below normal conditions.*

(A) The contracting officer may assign a lower than normal value in those cases where the technical risk is low. Indicators are—

(1) Requirements are relatively simple,

(2) Technology is not complex,

(3) Efforts do not require highly skilled personnel,

(4) Efforts are routine,

(5) Programs are mature, or

(6) Acquisition is a follow-on effort or a repetitive type acquisition.

(B) The contracting officer may assign a value significantly below normal for—

(1) Routine services,

- information, or
- (2) Production of simple items,
  - (3) Rote entry or routine integration of Government-furnished
  - (4) Simple operations with Government-furnished property.

(iv) *Technology incentive range.*

(A) The contracting officer may assign values within the technology incentive range when contract performance includes the introduction of new, significant technological innovation. Use the technology incentive range only for the most innovative contract efforts. Innovation may be in the form of—

(1) Development or application of new technology that fundamentally changes the characteristics of an existing product or system and that results in increased technical performance, improved reliability, or reduced costs, or

(2) New products or systems that contain significant technological advances over the products or systems they are replacing.

(B) When selecting a value within the technology incentive range, the contracting officer should consider the relative value of the proposed innovation to the acquisition as a whole. When the innovation represents a minor benefit, the contracting officer should consider using values less than the norm. For innovative efforts that will have a major positive impact on the product or program, the contracting officer may use values above the norm.

(5) *Evaluation criteria for management/cost control.*

(i) The contracting officer should evaluate—

(A) The contractor's management and internal control systems using contracting office data, information and reviews made by field contract administration offices or other DoD field offices,

(B) The management involvement expected on the prospective contract action,

(C) The degree of cost mix as an indication of the types of resources applied and value added by the contractor,

(D) The contractor's support of Federal socioeconomic programs,

(E) The expected reliability of the contractor's cost estimates (including the contractor's cost estimating system),

(F) The adequacy of the contractor's management approach to controlling cost and schedule, and

(G) Any other factors that affect the contractor's ability to meet the cost targets (e.g., foreign currency exchange rates and inflation rates).

(ii) *Above normal conditions.*

(A) The contracting officer may assign a higher than normal value when there is a high degree of management effort. Indicators of this are—

- difficult,
- (1) The contractor's value added is both considerable and reasonably
  - (2) The effort involves a high degree of integration or coordination,
  - (3) The contractor has a good record of past performance,
  - (4) The contractor has a substantial record of active participation in Federal socioeconomic programs,
- estimates,
- (5) The contractor provides fully documented and reliable cost
  - (6) The contractor makes appropriate make-or-buy decisions, or
  - (7) The contractor has a proven record of cost tracking and control.

(B) The contracting officer may justify a maximum value when the effort—

- (1) Requires large scale integration of the most complex nature,
- (2) Involves major international activities with significant management coordination (e.g., offsets with foreign vendors), or
- (3) Has critically important milestones.

(C) If the contractor demonstrates efficient management and cost control through the submittal of a timely, qualifying proposal (as defined in 217.7401) in furtherance of definitization of an undefinitized contract action, and the proposal demonstrates effective cost control from the time of award to the present, the contracting officer may add 1 percentage point to the value determined for management/cost control up to the maximum of 7 percent.

(iii) *Below normal conditions.*

(A) The contracting officer may assign a lower than normal value when the management effort is minimal. Indicators of this are—

- made;
- (1) The program is mature and many end item deliveries have been
  - (2) The contractor adds minimal value to an item;
  - (3) The efforts are routine and require minimal supervision;
  - (4) The contractor provides poor quality, untimely proposals;

(5) The contractor fails to provide an adequate analysis of subcontractor costs;

(6) The contractor does not cooperate in the evaluation and negotiation of the proposal;

(7) The contractor's cost estimating system is marginal;

(8) The contractor has made minimal effort to initiate cost reduction programs;

(9) The contractor's cost proposal is inadequate;

(10) The contractor has a record of cost overruns or another indication of unreliable cost estimates and lack of cost control; or

(11) The contractor has a poor record of past performance.

(B) The following may justify a value significantly below normal—

(1) Reviews performed by the field contract administration offices disclose unsatisfactory management and internal control systems (e.g., quality assurance, property control, safety, security); or

(2) The effort requires an unusually low degree of management involvement.

(c) Contract type risk and working capital adjustment.

(1) *Description.* The contract type risk factor focuses on the degree of cost risk accepted by the contractor under varying contract types. The working capital adjustment is an adjustment added to the profit objective for contract type risk. It only applies to fixed-price contracts that provide for progress payments. Though it uses a formula approach, it is not intended to be an exact calculation of the cost of working capital. Its purpose is to give general recognition to the contractor's cost of working capital under varying contract circumstances, financing policies, and the economic environment.

(2) *Determination.* The following extract from the DD 1547 is annotated to explain the process.

Item	Contractor Risk Factors	Assigned Value	Base	Profit Objective
24a	Contract Type Risk (based on incurred costs at the time of qualifying proposal submission)	(1)	(2)(i)	(3)
24b	Contract Type Risk (based on Government estimated cost to complete)	(1)	(2)(ii)	(3)
24c	Totals		(3)	(3)

Item	Contractor Risk Factors	Costs Financed	Length Factor	Interest Rate	Profit Objective
25	Working Capital (4)	(5)	(6)	(7)	(8)

(i) Select a value from the list of contract types in paragraph (c)(3) of this section using the evaluation criteria in paragraph (c)(4) of this section. See paragraph (c)(4)(ii) of this section.

(ii)(A) Insert the amount of costs incurred as of the date the contractor submits a qualifying proposal, such as under an undefinitized contract action (excluding facilities capital cost of money) into the Block 24a column titled Base.

(B) Insert the amount of Government estimated cost to complete (excluding facilities capital cost of money) into the Block 24b column titled Base.

(iii) Multiply (1) by (c)(2)(ii)(A) and (c)(2)(ii)(B), respectively for blocks 24a and 24b. Add Blocks 24a and 24b and insert the totals in Block 24c.

(iv) Only complete this block when the prospective contract is a fixed-price contract containing provisions for progress payments.

(v) Insert the amount computed per paragraph (c)(5) of this section.

(vi) Insert the appropriate figure from paragraph (c)(6) of this section.

(vii) Use the interest rate established by the Secretary of the Treasury (see <https://www.fiscal.treasury.gov/prompt-payment/rates.html>). Do not use any other interest rate.

(viii) Multiply (c)(2)(v) by (c)(2)(vi) by (c)(2)(vii). This is the working capital adjustment. It shall not exceed 4 percent of the contract costs in Block 20.

(3) *Values: Normal and designated ranges.*

Contract Type	Notes	Normal Value (percent)	Designated Range (percent)
Firm-fixed-price, no financing	(i)	5	4 to 6

Firm-fixed-price, with performance-based payments	(vi)	4	2.5 to 5.5
Firm-fixed-price, with progress payments	(ii)	3	2 to 4
Fixed-price incentive, no financing	(i)	3	2 to 4
Fixed-price incentive, with performance-based payments	(vi)	2	0.5 to 3.5
Fixed-price with redetermination provision	(iii)		
Fixed-price incentive, with progress payments	(ii)	1	0 to 2
Cost-plus-incentive-fee	(iv)	1	0 to 2
Cost-plus-fixed-fee	(iv)	0.5	0 to 1
Time-and-materials (including overhaul contracts priced on time-and-materials basis)	(v)	0.5	0 to 1
Labor-hour	(v)	0.5	0 to 1
Firm-fixed-price, level-of-effort	(v)	0.5	0 to 1

(i) “No financing” means either that the contract does not provide progress payments or performance-based payments, or that the contract provides them only on a limited basis, such as financing of first articles. Do not compute a working capital adjustment.

(ii) When the contract contains provisions for progress payments, compute a working capital adjustment (Block 25).

(iii) For the purposes of assigning profit values, treat a fixed-price contract with redetermination provisions as if it were a fixed-price incentive contract with below normal conditions.

(iv) Cost-plus contracts shall not receive the working capital adjustment.

(v) These types of contracts are considered cost-plus-fixed-fee contracts for the purposes of assigning profit values. They shall not receive the working capital adjustment in Block 25. However, they may receive higher than normal values within the designated range to the extent that portions of cost are fixed.

(vi) When the contract contains provisions for performance-based payments, do not compute a working capital adjustment.

(4) *Evaluation criteria.*

(i) *General.* The contracting officer should consider elements that affect contract type risk such as—

- (A) Length of contract,
- (B) Adequacy of cost data for projections,
- (C) Economic environment,

- (D) Nature and extent of subcontracted activity,
- (E) Protection provided to the contractor under contract provisions (e.g., economic price adjustment clauses),
- (F) The ceilings and share lines contained in incentive provisions,
- (G) Risks associated with contracts for foreign military sales (FMS) that are not funded by U.S. appropriations, and
- (H) When the contract contains provisions for performance-based payments—
  - (1) The frequency of payments,
  - (2) The total amount of payments compared to the maximum allowable amount specified at FAR 32.1004(b)(2), and
  - (3) The risk of the payment schedule to the contractor.

(ii) *Mandatory.*

(A) Assess the extent to which costs have been incurred prior to definitization of the contract action (also see 217.7404-6 and 243.370-6). When considering the reduced cost risks associated with allowable incurred costs on an undefinitized contract action, it is appropriate to apply separate contract risk factors for allowable incurred costs and estimated costs to complete when completing the contract risk sections of DD Form 1547, Record of Weighted Guidelines. When costs have been incurred prior to definitization, generally regard the contract type risk to be in the low end of the designated range. If a substantial portion of the costs has been incurred prior to definitization, the contracting officer may assign a value as low as zero percent, regardless of contract type. However, if a contractor submits a qualifying proposal to definitize an undefinitized contract action and the contracting officer for such action definitizes the contract after the end of the 180-day period beginning on the date on which the contractor submitted the qualifying proposal as defined in 217.7401, the profit allowed on the contract shall accurately reflect the cost risk of the contractor as such risk existed on the date the contractor submitted the qualifying proposal.

(B) Document in the price negotiation memorandum the reason for assigning a specific contract type risk value, to include the extent to which any reduced cost risk during the undefinitized period of performance was considered, in determining the negotiation objective.

(iii) *Above normal conditions.* The contracting officer may assign a higher than normal value when there is substantial contract type risk. Indicators of this are—

- (A) Efforts where there is minimal cost history,
- (B) Long-term contracts without provisions protecting the contractor, particularly when there is considerable economic uncertainty.

(C) Incentive provisions (e.g., cost and performance incentives) that place a high degree of risk on the contractor,

(D) FMS sales (other than those under DoD cooperative logistics support arrangements or those made from U.S. Government inventories or stocks) where the contractor can demonstrate that there are substantial risks above those normally present in DoD contracts for similar items, or

(E) An aggressive performance-based payment schedule that increases risk.

(iv) *Below normal conditions.* The contracting officer may assign a lower than normal value when the contract type risk is low. Indicators of this are—

(A) Very mature product line with extensive cost history,

(B) Relatively short-term contracts,

(C) Contractual provisions that substantially reduce the contractor's risk,

(D) Incentive provisions that place a low degree of risk on the contractor,

(E) Performance-based payments totaling the maximum allowable amount(s) specified at FAR 32.1004(b)(2), or

(F) A performance-based payment schedule that is routine with minimal risk.

(5) *Costs financed.*

(i) Costs financed equal total costs multiplied by the portion (percent) of costs financed by the contractor.

(ii) Total costs equal Block 20 (i.e., all allowable costs excluding facilities capital cost of money), reduced as appropriate when—

(A) The contractor has little cash investment (e.g., subcontractor progress payments liquidated late in period of performance),

(B) Some costs are covered by special financing provisions, such as advance payments, or

(C) The contract is multiyear and there are special funding arrangements.

(iii) The portion that the contractor finances is generally the portion not covered by progress payments, i.e., 100 percent minus the customary progress payment rate (see FAR 32.501-1). For example, if a contractor receives progress payments at 80 percent, the portion that the contractor finances is 20 percent. On contracts that provide progress payments to small businesses, use the customary progress payment rate for large businesses.

(6) *Contract length factor.*

(i) This is the period of time that the contractor has a working capital investment in the contract. It—

(A) Is based on the time necessary for the contractor to complete the substantive portion of the work,

(B) Is not necessarily the period of time between contract award and final delivery (or final payment), as periods of minimal effort should be excluded,

(C) Should not include periods of performance contained in option provisions, and

(D) Should not, for multiyear contracts, include periods of performance beyond that required to complete the initial program year's requirements.

(ii) The contracting officer—

(A) Should use the following table to select the contract length factor,

(B) Should develop a weighted average contract length when the contract has multiple deliveries, and

(C) May use sampling techniques provided they produce a representative result.

TABLE	
Period to Perform Substantive Portion (in months)	Contract Length Factor
21 or less	.40
22 to 27	.65
28 to 33	.90
34 to 39	1.15
40 to 45	1.40
46 to 51	1.65
52 to 57	1.90
58 to 63	2.15
64 to 69	2.40
70 to 75	2.65
76 or more	2.90

(iii) Example: A prospective contract has a performance period of 40 months with end items being delivered in the 34th, 36th, 38th, and 40th months of the contract. The average period is 37 months and the contract length factor is 1.15.

(d) Facilities capital employed.

(1) *Description.* This factor focuses on encouraging and rewarding capital investment in facilities that benefit DoD. It recognizes both the facilities capital that the contractor will employ in contract performance and the contractor's commitment to improving productivity.

(2) *Contract facilities capital estimates.* Estimate the facilities capital cost of money and capital employed using—

(i) An analysis of the appropriate Forms CASB-CMF and cost of money factors (48 CFR 9904.414 and FAR 31.205-10), and

(ii) DD Form 1861, Contract Facilities Capital Cost of Money.

(3) *Use of DD Form 1861.*

(i) *Purpose.* The DD Form 1861 provides a means of linking the Form CASB-CMF and DD Form 1547, Record of Weighted Guidelines Application. It—

(A) Enables the contracting officer to differentiate profit objectives for various types of assets (land, buildings, equipment). The procedure is similar to applying overhead rates to appropriate overhead allocation bases to determine contract overhead costs.

(B) Is designed to record and compute the contract facilities capital cost of money and capital employed which is carried forward to DD Form 1547.

(ii) *Completion instructions.* Complete a DD Form 1861 only after evaluating the contractor's cost proposal, establishing cost of money factors, and establishing a prenegotiation objective on cost. Complete the form as follows—

(A) List overhead pools and direct-charging service centers (if used) in the same structure as they appear on the contractor's cost proposal and Form CASB-CMF. The structure and allocation base units-of-measure must be compatible on all three displays.

(B) Extract appropriate contract overhead allocation base data, by year, from the evaluated cost breakdown or prenegotiation cost objective and list against each overhead pool and direct-charging service center.

(C) Multiply each allocation base by its corresponding cost of money factor to get the facilities capital cost of money estimated to be incurred each year. The sum of these products represents the estimated contract facilities capital cost of money for the year's effort.

(D) Total contract facilities cost of money is the sum of the yearly amounts.

(E) Since the facilities capital cost of money factors reflect the applicable cost of money rate in Column 1 of Form CASB-CMF, divide the contract cost of money by that same rate to determine the contract facilities capital employed.

(iii) *Field pricing support.*

(A) May ask the ACO to complete the forms as part of field pricing support.

(B) When the Weighted Guidelines Method is used, completion of the DD Form 1861 requires data not included on the Form CASB-CMF, i.e., distribution percentages of land, building, and equipment for the business unit performing the contract. Choose the most practical method for obtaining this data, for example—

(1) Contract administration offices could obtain the data through the process used to establish factors for facilities capital cost of money or could establish advance agreements on distribution percentages for inclusion in field pricing reports,

(2) The corporate ACO could obtain distribution percentages, or

(3) The contracting officer could request the data through a solicitation provision.

(4) *Preaward facilities capital applications.* To establish cost and price objectives, apply the facilities capital cost of money and capital employed as follows—

(i) *Cost of Money.*

(A) *Cost Objective.* Use the imputed facilities capital cost of money, with normal, booked costs, to establish a cost objective or the target cost when structuring an incentive type contract. Do not adjust target costs established at the outset even though actual cost of money rates become available during the period of contract performance.

(B) *Profit Objective.* When measuring the contractor's effort for the purpose of establishing a prenegotiation profit objective, restrict the cost base to normal, booked costs. Do not include cost of money as part of the cost base.

(ii) *Facilities Capital Employed.* Assess and weight the profit objective for risk associated with facilities capital employed in accordance with the profit guidelines at 215.404-971(d).

(5) *Determination.* The following extract from the DD Form 1547 has been annotated to explain the process.

Item	Contractor Facilities Capital Employed	Assigned Value	Amount Employed	Profit Objective
26.	Land	N/A	(2)	N/A
27.	Buildings	N/A	(2)	N/A
28.	Equipment	(1)	(2)	(3)

(i) Select a value from the list in paragraph (d)(6) of this section using the evaluation criteria in paragraph (d)(7) of this section.

(ii) Use the allocated facilities capital attributable to land, buildings, and equipment, as derived in DD Form 1861, Contract Facilities Capital Cost of Money.

(A) In addition to the net book value of facilities capital employed, consider facilities capital that is part of a formal investment plan if the contractor submits reasonable evidence that—

(1) Achievable benefits to DoD will result from the investment, and

(2) The benefits of the investment are included in the forward pricing structure.

(B) If the value of intracompany transfers has been included in Block 20 at cost (i.e., excluding general and administrative (G&A) expenses and profit), add to the

contractor's allocated facilities capital, the allocated facilities capital attributable to the buildings and equipment of those corporate divisions supplying the intracompany transfers. Do not make this addition if the value of intracompany transfers has been included in Block 20 at price (i.e., including G&A expenses and profit).

(iii) Multiply (d)(5)(i) by (d)(5)(ii).

(6) *Values: Normal and designated ranges.*

Asset Type	Normal Value	Designated Range
Land	0%	N/A
Buildings	0%	N/A
Equipment	17.5%	10% to 25%

(7) *Evaluation criteria.*

(i) In evaluating facilities capital employed, the contracting officer—

(A) Should relate the usefulness of the facilities capital to the goods or services being acquired under the prospective contract,

(B) Should analyze the productivity improvements and other anticipated industrial base enhancing benefits resulting from the facilities capital investment, including—

(1) The economic value of the facilities capital, such as physical age, undepreciated value, idleness, and expected contribution to future defense needs, and

(2) The contractor's level of investment in defense related facilities as compared with the portion of the contractor's total business that is derived from DoD; and

(C) Should consider any contractual provisions that reduce the contractor's risk of investment recovery, such as termination protection clauses and capital investment indemnification.

(ii) *Above normal conditions.*

(A) The contracting officer may assign a higher than normal value if the facilities capital investment has direct, identifiable, and exceptional benefits. Indicators are—

(1) New investments in state-of-the-art technology that reduce acquisition cost or yield other tangible benefits such as improved product quality or accelerated deliveries, or

(2) Investments in new equipment for research and development applications.

(B) The contracting officer may assign a value significantly above normal when there are direct and measurable benefits in efficiency and significantly reduced acquisition costs on the effort being priced. Maximum values apply only to those cases where the benefits of the facilities capital investment are substantially above normal.

(iii) *Below normal conditions.*

(A) The contracting officer may assign a lower than normal value if the facilities capital investment has little benefit to DoD. Indicators are—

(1) Allocations of capital apply predominantly to commercial product lines,

(2) Investments are for such things as furniture and fixtures, home or group level administrative offices, corporate aircraft and hangars, gymnasiums, or

(3) Facilities are old or extensively idle.

(B) The contracting officer may assign a value significantly below normal when a significant portion of defense manufacturing is done in an environment characterized by outdated, inefficient, and labor-intensive capital equipment.

(e) Cost efficiency factor.

(1) This special factor provides an incentive for contractors to reduce costs. To the extent that the contractor can demonstrate cost reduction efforts that benefit the pending contract, the contracting officer may increase the prenegotiation profit objective by an amount not to exceed 4 percent of total objective cost (Block 20 of the DD Form 1547) to recognize these efforts (Block 29).

(2) To determine if using this factor is appropriate, consider criteria, such as the following, to evaluate the benefit the contractor's cost reduction efforts will have on the pending contract:

(i) The contractor's participation in Single Process Initiative improvements;

(ii) Actual cost reductions achieved on prior contracts;

(iii) Reduction or elimination of excess or idle facilities;

(iv) The contractor's cost reduction initiatives (e.g., competition advocacy programs, technical insertion programs, obsolete parts control programs, spare parts pricing reform, value engineering, outsourcing of functions such as information technology). Metrics developed by the contractor such as fully loaded labor hours (i.e., cost per labor hour, including all direct and indirect costs) or other productivity measures may provide the basis for assessing the effectiveness of the contractor's cost reduction initiatives over time;

(v) The contractor's adoption of process improvements to reduce costs;

(vi) Subcontractor cost reduction efforts;

(vii) The contractor's effective incorporation of commercial products or commercial services and commercial processes; or

(viii) The contractor's investment in new facilities when such investments contribute to better asset utilization or improved productivity.

(3) When selecting the percentage to use for this special factor, the contracting officer has maximum flexibility in determining the best way to evaluate the benefit the contractor's cost reduction efforts will have on the pending contract. However, the

contracting officer shall consider the impact that quantity differences, learning, changes in scope, and economic factors such as inflation and deflation will have on cost reduction.

**PGI 215.404-972 Modified weighted guidelines method for nonprofit organizations other than FFRDCs.**

(a) *Definition.* As used in this subpart, a nonprofit organization is a business entity—

- (1) That operates exclusively for charitable, scientific, or educational purposes,
- (2) Whose earnings do not benefit any private shareholder or individual,
- (3) Whose activities do not involve influencing legislation or political campaigning for any candidate for public office, and
- (4) That is exempted from Federal income taxation under section 501 of the Internal Revenue Code.

(b) For nonprofit organizations that are entities that have been identified by the Secretary of Defense or a Secretary of a Department as receiving sustaining support on a cost-plus-fixed-fee basis from a particular DoD department or agency, compute a fee objective for covered actions using the weighted guidelines method in 215.404-971, with the following modifications—

(1) *Modifications to performance risk (Blocks 21-23 of the DD Form 1547).*

(i) If the contracting officer assigns a value from the standard designated range (see 215.404-971(b)(3)), reduce the fee objective by an amount equal to 1 percent of the costs in Block 20 of the DD Form 1547. Show the net (reduced) amount on the DD Form 1547.

(ii) Do not assign a value from the technology incentive designated range.

(2) *Modifications to contract type risk (Block 24 of the DD Form 1547).* Use a designated range of -1 percent to 0 percent instead of the values in 215.404-971(c). There is no normal value.

(c) For all other nonprofit organizations except FFRDCs, compute a fee objective for covered actions using the weighted guidelines method in 215.404-971, modified as described in paragraph (b)(1) of this section.

**PGI 215.404-973 Alternate structured approaches.**

(a) The contracting officer may use an alternate structured approach under 215.404-970(b).

(b) The contracting officer may design the structure of the alternate, but it must include—

(1) Consideration of the three basic components of profit--performance risk, contract type risk (including working capital), and facilities capital employed. However, the contracting officer is not required to complete Blocks 21 through 30 of the DD Form 1547.

(2) Offset for facilities capital cost of money.

(i) Reduce the overall prenegotiation profit objective by the amount of facilities capital cost of money under Cost Accounting Standard (CAS) 414, Cost of Money as an Element of the Cost of Facilities Capital (48 CFR 9904.414). Cost of money under CAS 417, Cost of Money as an Element of the Cost of Capital Assets Under Construction (48 CFR 9904.417), should not be used to reduce the overall prenegotiation profit objective. The profit amount in the negotiation summary of the DD Form 1547 must be net of the offset.

(ii) This adjustment is needed for the following reason: The values of the profit factors used in the weighted guidelines method were adjusted to recognize the shift in facilities capital cost of money from an element of profit to an element of contract cost (see FAR 31.205-10) and reductions were made directly to the profit factors for performance risk. In order to ensure that this policy is applied to all DoD contracts that allow facilities capital cost of money, similar adjustments shall be made to contracts that use alternate structured approaches.

**PGI 215.404-974 Fee requirements for cost-plus-award-fee contracts.**

In developing a fee objective for cost-plus-award-fee contracts, the contracting officer must—

- (a) Follow the guidance in FAR 16.402-4 and 216.402-4,
- (b) Not use the weighted guidelines method or alternate structured approach,
- (c) Apply the offset policy in 215.404-973(b)(2) for facilities capital cost of money, i.e., reduce the base fee by the amount of facilities capital cost of money, and
- (d) Not complete a DD Form 1547.

**PGI 215.404-975 Fee requirements for FFRDCs.**

For nonprofit organizations that are FFRDCs—

(a) Consider whether any fee is appropriate. Considerations shall include the FFRDC's—

(1) Proportion of retained earnings (as established under generally accepted accounting methods) that relates to DoD contracted effort,

(2) Facilities capital acquisition plans,

(3) Working capital funding as assessed on operating cycle cash needs, and

(4) Provision for funding unreimbursed costs deemed ordinary and necessary to the FFRDC.

(b) When a fee is considered appropriate, establish the fee objective in accordance with FFRDC fee policies in the DoD Instruction 5000.77, DoD Federally Funded Research and Development Center Program.

(c) Do not use the weighted guidelines method or an alternate structured approach.

**PGI 215.404-70 Cost and/or price analysis.**

(a)(1) *General.*

(i) The objective of proposal analysis is to ensure that the final agreed-to price is fair and reasonable.

(ii) In some cases, supplies or services that are not subject to TINA may require a cost analysis (see PGI 215.404-2). This will occur when a price analysis is not sufficient for determining prices to be fair and reasonable. In such cases, the contracting officer should consider the need for a Defense Contract Audit Agency audit of the cost data.

(iii) Particular attention should be paid to sole source commercial products or commercial services. While the order of preference at FAR 15.403-1(a) must be followed, if the contracting officer cannot determine price reasonableness without obtaining data other than cost or pricing data from the offeror, at a minimum, the contracting officer must obtain appropriate data on the prices at which the same or similar items have been sold previously (often previous sales data was the basis of the commercial product or commercial service determination and must be requested during price analysis of the data provided by the offeror). If previous sales data is not sufficient to determine price reasonableness, the contracting officer must obtain "data other than certified cost or pricing data" and should perform a cost analysis.

(iv) Analysis of termination proposals, including termination of any contract scope, should not rely solely on earned value management budgets or estimates for estimating the costs of all work deleted, or the cost of deleted work already performed (reference FAR 15.408-2, Table 15-1—Instructions for Submitting Cost/Price Proposals When Certified Cost or Pricing Data are Required, columns (2) and (3) of section III.B., Change Orders, Modifications, and Claims).

**PGI 215.405-2 Make-or-buy programs.**

(a) *Evaluation, negotiation, and Agreement.* When a make-or-buy plan is required, listed below are factors that may be considered when evaluating a submission—

- (1) Prime contractor past performance, especially with respect to subcontract management;
- (2) Prime contractor make-or-buy history;
- (3) Adequacy of contractor's existing make-or-buy processes, including cost and technical risk considerations;
- (4) Component availability through existing sources, e.g. available inventory, or other Government contracts;
- (5) Prime contractor plant capacity;
- (6) The adequacy of the prime contractor's technical, financial and personnel capabilities; and

(7) Prime contractor justification that is provided with respect to items it does not normally make.

**PGI 215.405-470 Should-cost review.**

(b) *Program should-cost review.* DoD contracting activities should consider performing a program should-cost review before award of a definitive contract for a major system as defined by 234.7001.

(c) *Overhead should-cost review.*

(1) Contact the Defense Contract Management Agency (DCMA) (<http://www.dcma.mil/>) for questions on overhead should-cost analysis.

(2)(i) DCMA or the military department responsible for performing contract administration functions (e.g., Navy SUPSHIP) should consider, based on risk assessment, performing an overhead should-cost review of a contractor business unit (as defined in FAR 2.101) when all of the following conditions exist:

- (A) Projected annual sales to DoD exceed \$1 billion;
- (B) Projected DoD versus total business exceeds 30 percent;
- (C) Level of sole-source DoD contracts is high;
- (D) Significant volume of proposal activity is anticipated;
- (E) Production or development of a major weapon system or program is anticipated; and
- (F) Contractor cost control/reduction initiatives appear inadequate.

(ii) The head of the contracting activity may request an overhead should-cost review for a business unit that does not meet the criteria in paragraph (c)(2)(i) of this subsection.

(iii) Overhead should-cost reviews are labor intensive. These reviews generally involve participation by the contracting, contract administration, and contract audit elements. The extent of availability of military department, contract administration, and contract audit resources to support DCMA-led teams should be considered when determining whether a review will be conducted. Overhead should-cost reviews generally should not be conducted at a contractor business segment more frequently than every 3 years.

**PGI 215.406 Data to support proposal analysis.**

(a) *Field pricing assistance.* See PGI 215.406(b) regarding when to request audit assistance.

- (1) The contracting officer should consider requesting field pricing assistance for—
  - (i) Fixed-price proposals exceeding the certified cost or pricing data threshold,
  - (ii) Cost-type proposals exceeding the certified cost or pricing data threshold

from offerors with material weaknesses, or

(iii) Cost-type proposals exceeding \$10 million from offerors without material weaknesses.

(2) The contracting officer should not request field pricing support for proposed contracts or modifications in an amount less than that specified in paragraph (a)(i) of this subsection. An exception may be made when a reasonable pricing result cannot be established because of—

(i) A lack of knowledge of the particular offeror, or

(ii) Sensitive conditions (e.g., a change in, or unusual problems with, an offeror's internal systems).

(b) *Audit assistance for prime contracts or subcontracts.*

(1) The contracting officer should consider requesting audit assistance from DCAA for—

(i) Fixed-price proposals exceeding \$10 million,

(ii) Cost-type proposals exceeding \$100 million.

(2) The contracting officer should not request DCAA audit assistance for proposed contracts or modifications in an amount less than that specified in paragraph (c)(i) of this subsection unless there are exceptional circumstances explained in the request for audit. (See PGI 215.406(a) for requesting field pricing assistance without a DCAA audit.)

(3) If, in the opinion of the contracting officer or auditor, the review of a prime contractor's proposal requires further review of subcontractors' cost estimates at the subcontractors' plants (after due consideration of reviews performed by the prime contractor), the contracting officer should inform the administrative contracting officer (ACO) having cognizance of the prime contractor before the review is initiated.

(4) Notify the appropriate contract administration activities when extensive, special, or expedited field pricing assistance will be needed to review and evaluate subcontractors' proposals under a major weapon system acquisition. If audit reports are received on contracting actions that are subsequently cancelled, notify the cognizant auditor in writing.

(5) Requests for audit assistance for subcontracts should use the same criteria as established in paragraphs (b)(1) and (b)(2) of this subsection.

### **PGI 215.408 Documentation.**

#### **PGI 215.408-1 Prenegotiation objectives.**

(a) The contracting officer should consider the following in establishing prenegotiation objectives—

(1) Data resulting from application of work measurement systems in developing prenegotiation objectives; and

(2) Field pricing assistance personnel participation in planned prenegotiation and negotiation activities.

(b) Prenegotiation objectives, including objectives related to disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports, must be documented and reviewed in accordance with departmental procedures.

(1) *Significant Disagreements.* (i) Contracting officers and contract auditors have complementary roles in the contracting process and are expected to collaborate to determine fair and reasonable contract values. When a significant disagreement arises on questioned costs, the contracting officer and the auditor will discuss the basis of the disagreement. Document that discussion and their disagreement in a written communication to the auditor. Document the disagreement in the prenegotiation objective (or pre-business clearance). The contracting officer may then proceed with negotiations when the prenegotiation objectives are approved.

(ii) A significant disagreement is defined as the contracting officer planning to sustain less than 75-percent of the total recommended questioned costs in a Defense Contract Audit Agency (DCAA) audit report of a contractor proposal for an initial contract or a contract modification with a value equal to or greater than \$10 million. It does not apply to costs that DCAA has categorized as unsupported or unresolved in its audit report.

(2) *Adjudication Procedures.* DCAA has 3 days to elevate the issues within the contracting officer's activity after receipt of the contracting officer's written communication confirming the disagreement. Furthermore, DCAA may appeal the significant issues up the chain of command as established in each component's "Resolving Contract Audit Recommendations" policy. If issues remain, the Director, DCAA may escalate from the Defense component's head of contracting activity or senior procurement executive, to the Principal Director, DPCAP. If the DCAA Director believes that the Principal Director, DPCAP has not adequately addressed the matter, the disagreement may finally be elevated to the Under Secretary of Defense for Acquisition and Sustainment, and the Comptroller.

(3) Notwithstanding the above, the Director, DCAA, may always raise audit issues to the Principal Director, DPCAP.

(c) *Cost estimates for program baselines and contract negotiations for major defense acquisition programs.*

(1) For the purpose of contract negotiations and obligation of funds under this paragraph, the Government will prepare cost analyses and targets based on the Government's reasonable expectation of successful contractor performance in accordance with the contractor's proposal and previous experience.

(2) Cost estimates developed for baseline descriptions and other program purposes by the Director of Cost Assessment and Program Evaluation pursuant to its functions, do not meet the criteria described in paragraph (c)(1) of this section and, thus, must not be used for purposes of developing the Government's contract negotiation position or for the obligation of funds. However, the Government may consider the data used to develop such estimates when developing the cost analyses and targets described in paragraph (c)(1) of this subsection.

**PGI 215.408-2 Documenting the negotiation.**

(a)(1) Include the principal factors related to the disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports. Use “CUI” markings as appropriate, in accordance with [www.dodcui.mil](http://www.dodcui.mil).

(2) The documentation for fee or profit negotiated must include—

(i) Significant deviations from the prenegotiation profit objective;

(ii) The DD Form 1547, Record of Weighted Guidelines Application (see PGI 215.404-970), if used, with supporting rationale;

(iii) Rationale for not using the weighted guidelines method when its use would otherwise be required by DFARS 215.404-970; and

(3) Ensure the approved prenegotiation and postnegotiation noncompetitive business clearance documents (e.g., price negotiation memoranda) are uploaded into the Contract Business Analysis Repository (CBAR) at <https://piee.eb.mil> for the purpose of sharing negotiation experience with other contracting officers preparing to negotiate. This includes both noncompetitive actions using the procedures at FAR part 12, Acquisition of Commercial Products and Commercial Services, as well as noncompetitive actions using the procedures at FAR part 15, Contracting by Negotiation, that are valued in excess of \$25 million and awarded on or after June 24, 2013 (and for all definitized or awarded actions over \$100 million, which occurred on or after October 1, 2012).

(i) Business clearance documents uploaded to CBAR must be marked “CUI” (see [www.dodcui.mil](http://www.dodcui.mil)).

(ii) The business clearance documents uploaded to CBAR must be signed by the contracting officer and include all other signatures required by local policy/procedure.

(iii) Upload the documentation to CBAR no later than 30 days after award of the contract action associated with the negotiation and include both the prenegotiation objectives required by FAR 15.408-1 and PGI 215.408-1, and the record of negotiations (i.e. the Price Negotiation Memoranda required by FAR 15.408-2 and PGI 215.408-2). Complete the “description of acquisition” field with keywords and searchable terms to identify the products and services acquired. Also complete the “comments” field of the CBAR record to summarize unique features and aspects of the negotiation in order to prompt other contracting teams to inquire further to learn from their peers’ prior experience.

(iv) If an initial indefinite-delivery indefinite-quantity (IDIQ) task or delivery order contract contemplates issuance of task or delivery orders that will invoke negotiated rates or values from the basic contract, then the business clearance record for the basic IDIQ contract shall be uploaded if the estimated value of the contract (e.g. ceiling price) exceeds the prescribed dollar threshold. To the extent individual task or delivery orders entail a negotiation (i.e. did not simply incorporate prices established at the basic contract level), a business clearance record for the individual task or delivery orders that exceed the prescribed dollar thresholds shall be uploaded to CBAR.

(v) Training for the CBAR database may be found at <https://pieetraining.eb.mil/wbt/xhtml/wbt/eda/cbar/overview.xhtml>.

**PGI 215.470 Estimated data prices.**

(b)(i) The form and the provision included in the solicitation request the offeror to state what portion of the total price is estimated to be attributable to the production or development of the listed data for the Government (not to the sale of rights in the data). However, offerors' estimated prices may not reflect all such costs; and different offerors may reflect these costs in a different manner, for the following reasons—

- (A) Differences in business practices in competitive situations;
- (B) Differences in accounting systems among offerors;
- (C) Use of factors or rates on some portions of the data;
- (D) Application of common effort to two or more data items; and
- (E) Differences in data preparation methods among offerors.

(ii) Data price estimates should not be used for contract pricing purposes without further analysis.

**PGI 253.215 – Contracting by negotiation.**

**PGI 253.215-70 – DD Form 1547, Record of Weighted Guidelines Application**

(a) Use the DD Form 1547 as prescribed in DFARS 215.404-970 and PGI 215.404-970.

(b) *General instructions.*

(1) Report amounts as they relate to the price of the contract action without regard to funding status (e.g., amounts obligated).

(2) Express all dollar values to the nearest whole value (e.g., \$200,008.55 = \$200,009).

(3) Do not express percentages beyond the nearest thousandth (e.g., interest rate--8.257%).

(4) Reserved.

(5) Report an option amount for additional quantities as a separate contract action when exercised.

(6) Even though fixed-price type contract actions are negotiated on the basis of total price, prepare the negotiation summary portion of the DD Form 1547 showing the contracting officer's best estimates of cost and profit.

(7) For indefinite-delivery type contracts, prepare a consolidated DD Form 1547 for annual requirements expected to exceed the certified cost or pricing data threshold.

(8) Prepare a consolidated DD Form 1547, if possible, when multiple profit rates apply to a single negotiation.

(c) *Specific instructions for completion of DD Form 1547.*

(1) **BLOCK 1--REPORT NO.** Enter the four-digit local control number followed by a dash and the last two digits of the fiscal year (e.g., 0004-06 for 4th action in fiscal year 2006). Each field contracting office participating in profit reporting shall establish a control system for consecutively numbering completed DD Forms 1547. Always start with 0001 at the beginning of each fiscal year and always use four digits. This number will identify the specific DD Form 1547 in DoD's management information system and will be used for follow-up actions.

(2) **BLOCK 2--BASIC PROCUREMENT INSTRUMENT IDENTIFICATION NO.** Enter the identifying contract number, or Procurement Instrument Identifier (PIID), assigned per PGI 204.201.

(3) **BLOCK 3--SPIIN.** Enter the supplementary PIIDs for supplemental agreements or other modifications, assigned per PGI 204.201.

(4) **BLOCK 4--DATE OF ACTION.**

(i) **Year.** Enter the last two digits of the year the action was negotiated (e.g., 06 for 2006).

54  
55 (ii) Month. Enter the two-digit number for the month the action was negotiated  
56 (e.g., 09 for September).  
57

58 (5) BLOCK 5--CONTRACTING OFFICE CODE. Enter the code assigned the  
59 contracting office per DoD Procurement Coding Manual, Volume III.  
60

61 (6) BLOCK 6--NAME OF CONTRACTOR. Enter the contractor's name (including  
62 division name).  
63

64 (7) BLOCK 7--UNIQUE ENTITY IDENTIFIER. Enter the contractor UEI.  
65

66 (8) BLOCK 8--FEDERAL SUPPLY CODE.  
67

68 (9) BLOCK 9--DOD CLAIMANT PROGRAM.  
69

70 (10) BLOCK 10--CONTRACT TYPE CODE. Enter the appropriate code—  
71

Description	Code
FPR (all types)	A
FPI (all types)	L
FFP	J
FP(E)	K
CPFF	U
CPIF (all types)	V

72  
73 (11) BLOCK 11--TYPE EFFORT. Enter the appropriate code—  
74

Description	Code
Manufacturing	1
Research and Development	2
Services	3

75  
76 (12) BLOCK 12--USE CODE. Enter the appropriate code for use of the weighted  
77 guidelines method—  
78

Description	Code
Standard weighted guidelines method (PGI 215.404-971(b)(3)(i))	2
Alternate structured approach (PGI 215.404-973)	4
Modified weighted guidelines approach (PGI 215.404-972)	5
Technology incentive (PGI 215.404-971(b)(3)(ii))	6

79  
80 (13) BLOCKS 13 through 20--COST CATEGORY OBJECTIVE. Enter the  
81 prenegotiation objectives. Include contractor independent research and development/bid

82 and proposal in the general and administrative expenses in Block 19.  
83

84 (14) BLOCKS 21 through 29--WEIGHTED GUIDELINES PROFIT FACTORS.  
85 Enter the amounts determined in accordance with PGI 215.404-971 or 215.404-972. This  
86 section is not required to be completed when using an alternate structured approach (PGI  
87 215.404-973).  
88

89 (15) BLOCK 30--TOTAL PROFIT OBJECTIVE. Enter the total of Blocks 23, 24, 25,  
90 27, 28, and 29. This section is not required to be completed when using an alternate  
91 structured approach (PGI 215.404-973).  
92

93 (16) BLOCKS 31 through 35--NEGOTIATION SUMMARY. Complete as indicated  
94 on the form. For fixed-price type contracts negotiated on a total price basis, enter the  
95 contracting officer's best estimates of cost and profit. When using an alternate structured  
96 approach, see PGI 215.404-973(b)(2) for offsets.  
97

98 (17) BLOCKS 36 through 39--CONTRACTING OFFICER APPROVAL. The  
99 contracting officer shall sign the form. Include a complete (with area code) commercial  
100 telephone number to facilitate any follow-up actions.  
101

102 (18) BLOCKS 96 through 99--OPTIONAL USE. Complete in accordance with  
103 department/agency procedures, if any.  
104  
105