Defense Acquisition Regulations System, DOD

215.404–1

(1) Follow the procedures at PGI 215.404–1(c)(3)(A) for pricing commercial items.

(b) By November 30th of each year, departments and agencies shall provide a report to the Director, Defense Procurement and Acquisition Policy (DPAP), ATTN: DPAP/CPF, of all contracting officer determinations that commercial item exceptions apply under FAR 15.403–1(b)(3), during the previous fiscal year, for any contract, subcontract, or modification expected to have a value of $15,000,000 or more. See PGI 215.403–1(c)(3)(B) for the format and guidance for the report. The Director, DPAP, will submit a consolidated report to the congressional defense committees.

(c) DoD has waived the requirement for submission of cost or pricing data for the Canadian Commercial Corporation and its subcontractors.

(d) DoD has waived cost or pricing data requirements for nonprofit organizations (including education institutions) on cost-reimbursement-no-fee contracts. The contracting officer shall require—

(1) Submission of information other than cost or pricing data to the extent necessary to determine reasonableness and cost realism; and

(2) Cost or pricing data from subcontractors that are not nonprofit organizations when the subcontractor’s proposal exceeds the cost or pricing data threshold at FAR 15.403–4(a)(1).

215.403–2 Requiring information other than cost or pricing data.

Follow the procedures at PGI 215.403–3.

215.403–5 Instructions for submission of cost or pricing data or information other than cost or pricing data.

When the solicitation requires contractor compliance with the Contractor Cost Data Reporting System, follow the procedures at PGI 215.403–5.

215.404 Proposal analysis.

215.404–1 Proposal analysis techniques.

(1) Follow the procedures at PGI 215.404–1 for proposal analysis.

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

(i) Those 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 information; and

(ii) Those line items where a comparison of the item description and the proposed price indicates a potential for overpricing:
215.404–2 Information to support proposal analysis.

See PGI 215.404–2 for guidance on obtaining field pricing or audit assistance.

[71 FR 69494, Dec. 1, 2006]

215.404–3 Subcontract pricing considerations.

Follow the procedures at PGI 215.404–3 when reviewing a subcontractor’s proposal.

[71 FR 69494, Dec. 1, 2006]

215.404–4 Profit.

(b) Policy. (1) Contracting officers shall use a structured approach for developing a renegotiation profit or fee objective on any negotiated contract action when cost or pricing data is obtained, except for cost-plus-award-fee contracts (see 215.404–74, 216.405–2, and FAR 16.405–2) or contracts with Federally Funded Research and Development Centers (FFRDCs) (see 215.404–75). There are three structured approaches—

(A) The weighted guidelines method;

(B) The modified weighted guidelines method; and

(C) An alternate structured approach.

(c) Contracting officer responsibilities.

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

(2) When using a structured approach, the contracting officer—

(A) Shall use the weighted guidelines method (see 215.404–71), except as provided in paragraphs (c)(2)(B) and (c)(2)(C) of this subsection.

(B) Shall use the modified weighted guidelines method (see 215.404–72) on contract actions with nonprofit organizations other than FFRDCs.

(C) May use an alternate structured approach (see 215.404–73) when—

(1) The contract action is—

(i) At or below the cost or pricing data threshold (see FAR 15.403–4(a)(1));

(ii) A termination settlement; or

(2) 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.

(D) Shall 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.

(E) Shall document the profit analysis in the contract file.

(5) Although specific agreement on the applied weights or values for individual profit factors shall not be attempted, the contracting officer may encourage the contractor to—

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

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

(6) The contracting officer must also verify that relevant variables have not materially changed (e.g., performance risk, interest rates, progress payment rates, distribution of facilities capital).

(d) Profit-analysis factors—(1) Common factors. The common factors are embodied in the DoD structured approaches and need not be further considered by the contracting officer.


215.404–70 DD Form 1547, Record of Weighted Guidelines Method Application.

Follow the procedures at PGI 215.404–70 for use of DD Form 1547 whenever a