



DEFENSE LOGISTICS AGENCY

THE NATION'S COMBAT LOGISTICS SUPPORT AGENCY



**Pricing Division
Industry Day**

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Outline



- Vendor Concerns
- Price Analysis vs. Cost Analysis Justifications
- Proposal Adequacy Checklist FAR 15.408 15-2 Table, Model Proposal, and Supporting Documentation
- Common Issues
- What are YOUR challenges and Questions?



Vendor Concerns



- 1) Prior contract history is available, why do you need more data?
- 2) What is the dollar threshold for “other than certified data”?



Price Analysis

- FAR 15.404-1(b)(1-4): Price Analysis is a broad term meant to account for all buyer actions taken to reach a reasonable price decision without resorting to cost analysis
- Examples of methods of price analysis:
 - Compare proposed prices (preferred)
 - Previous Prices (preferred)
 - Comparison with competitive published price lists, published market prices of commodities, similar indexes, and discount or rebate arrangements
 - Independent Government estimates
 - Market research
 - Analysis of the pricing information provided by offeror (Other Than Certified Cost or Pricing Data)
 - (Doesn't mean your pricing is unreasonable, KO need more to determine reasonable)



Cost Analysis

- FAR 15.404-1(c): Cost analysis is the evaluation of any separate cost elements and profit
- Detailed cost elements and profit evaluated individually
For example: Material, Labor, Overhead, Profit
- Must include supporting documentation for each cost element
- New DPC Memorandum dated Mar 22, 2019 addresses difficulties that Contracting Officers (KOs) encounter when seeking data. Documenting refusals to provide data.



Pricing Example



NSN: 1234-56-7890								
Proposing \$1791.77								
QTY: 17								
Awd Date	CAGE	Vendor	Type	Price Justification	Hist Cost	Unit	PIIN	Qty
05/29/2017	1234	SOLE SRC VENDOR	A	Best Attainable	\$1853.00	EA	DLA CONTRACT #	16
01/22/2010	1234	SOLE SRC VENDOR	A	Comparison to Prior Pricing (Cannot establish baseline)	\$699.75	EA	DLA CONTRACT #	166
06/26/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$758.75	EA	DLA CONTRACT #	80
03/06/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$776.82	EA	DLA CONTRACT #	58
01/22/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$758.75	EA	DLA CONTRACT #	36
01/22/2009	1234	SOLE SRC VENDOR	A	Comparison to Prior Pricing (Cannot establish baseline)	\$722.62	EA	DLA CONTRACT #	25



Pricing Example



NSN: 1234-56-7890								
Proposing \$1791.77								
QTY: 17								
Awd Date	CAGE	Vendor	Type	Price Justification	Hist Cost	Unit	PIIN	Qty
03/02/2018	1234	SOLE SRC VENDOR	A	Price Analysis	\$1791.77	EA	DLA CONTRACT #	14
03/02/2018	1234	SOLE SRC VENDOR	A	Price Analysis	\$1791.77	EA	DLA CONTRACT #	28
02/08/2018	1234	SOLE SRC VENDOR	A	Cost Analysis	\$1791.77	EA	DLA CONTRACT #	115
05/29/2017	1234	SOLE SRC VENDOR	A	Best Attainable	\$1853.00	EA	DLA CONTRACT #	16
01/22/2010	1234	SOLE SRC VENDOR	A	Comparison to Prior Pricing (Cannot establish baseline)	\$699.75	EA	DLA CONTRACT #	166
06/26/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$758.75	EA	DLA CONTRACT #	80
03/06/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$776.82	EA	DLA CONTRACT #	58
01/22/2009	1234	SOLE SRC VENDOR	A	Could not be determined F&R	\$758.75	EA	DLA CONTRACT #	36
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FAR 15.408 Adequacy Checklist 15-2 and Model Proposal



- Complete the Proposal Adequacy Checklist
- Provide a **summary of total cost by element** (covering all contract line items) cross-referenced to supporting cost or pricing data (FAR 15.408, Table 15-2)
- Furnish supporting breakdowns for each cost element, consistent with Contractor cost accounting system



Cost Proposal Package



Proposed
Total Price

Cost Breakdown
Elements:
Material Costs
Labor Costs
Overhead
G&A
Profit
Etc.

Proposed Cost Elements
Support:
i.e. historical labor hours
and rates, competitive
supplier quotes, purchase
order history, historical
indirect rates, etc.

**Package should tell the
story of how proposed
prices were established
and justified**



Common Issues



- Data not provided in Excel with formulas
- Noncompliant with the requirements set forth in FAR 15.408, Table 15-2 and Proposal Adequacy Checklist (when TINA applies)
- Inadequate accounting and estimating systems
- Proposal not mathematically correct
- Proposed costs are unsupported; supporting documentation outdated
- Unallowable costs included in the proposal (FAR Part 31)
- Failure to adequately describe basis or methodology used to compute proposed costs
- Lack of a consolidated bill of materials with associated support
 - Fair and Reasonableness Determinations
- Labor Support
 - Detailed Basis of Estimate with support (processes, hours, rates)



Current Vendor Challenges



What are some of the concerns you have?



