

Defense Contract Audit Agency Price Analysis vs. Cost Analysis

Objectives

Understand Price Analysis vs. Cost Analysis

Define 'Certified Cost or Pricing Data' and 'Data Other Than Certified Cost or Pricing Data'

Price Analysis

vs.

Cost Analysis

Price vs. Cost Analysis

Price Analysis

Look at total price (fair and reasonable)

Certified Cost or Pricing data not required

Verify the overall price offered is fair and reasonable

Cost Analysis

Reasonableness based on analysis of each cost element

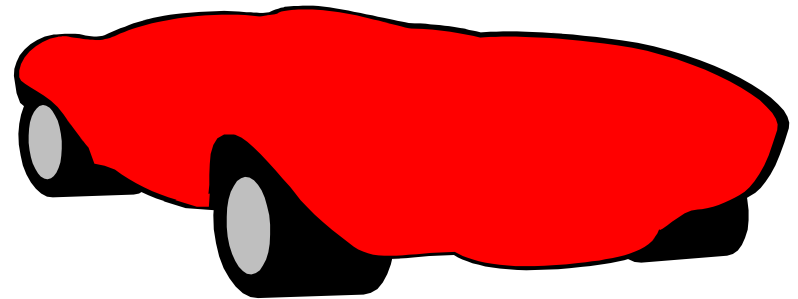
Certified cost or pricing data or

Data other than certified cost or pricing data

FAR 15.404-1(c)

Labor	\$200
Material	100
G&A – 20%	<u>60</u>
Total cost	\$360
Profit – 10%	<u>36</u>
Total price	<u><u>\$396</u></u>

FAR 15.404-1(b)



Price Analysis Techniques

FAR 15.404-1(b)(2)

Compare prices proposed by offerors

Compare proposed prices to price history for the same or similar items (prior price used must have valid basis and should be adjusted based on terms/market/economic factors)

Use of parametric estimating methods

Compare to catalog and published price lists

Compare to independent Government estimates

Compare to market prices

Analysis of other pricing information provided by the offeror

Cost Analysis Techniques

FAR 15.404-1(c)(2)(i)

Verification of cost data or pricing data and evaluation of

Cost Analysis Techniques

FAR 15.404-1(c)(2)

Evaluate effect of offeror's current practices on future costs to ensure inefficient or uneconomical past practices are not projected into the future.

Comparison of costs proposed to prior actual costs incurred; previous cost estimates; other offerors cost estimates; Independent Government Cost Estimate; and forecasts of planned expenditures

Verify that cost submissions are in accordance with FAR, CAS (if applicable)

Review whether any necessary cost or pricing data have not been submitted or identified by the offeror

Analyze results of make-or-buy program reviews

Cost Analysis Considerations

Identify riskiest elements of cost in the proposal

Break selected elements into their components

Obtain contractor basis of estimate for those components

- Obtain supporting data from contractor

- Obtain additional supporting data from DCAA, if available

Labor

- Hours

- Direct Rates

Material

- Quantities

- Unit Cost

Indirect Rates

- Pool Elements

- Base Elements

- Allocation Method

**Certified Cost or Pricing Data
and
Data Other Than Certified
Cost or Pricing Data**



FAR 15.402 - Pricing Policy

FAR 15.402 - *Pricing Policy* states:

“Contracting officers shall --

(a) Purchase supplies and services from responsible sources at fair and reasonable prices.

Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data

Certified Cost or Pricing Data (FAR 2.101)

Means cost or pricing data required to be submitted and certified as accurate, complete, and current

Cost or Pricing Data

All facts up to the time of agreement on price which prudent buyers and sellers would reasonably expect to have a significant effect on price negotiations

Are factual and verifiable

FAR Requirements

price based on adequate price competition

price based on prices set by law or regulation

commercial item

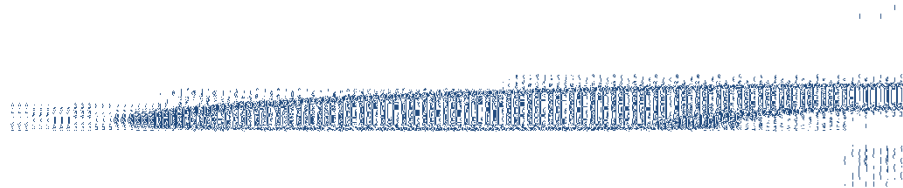
waiver granted (see standards in)

modification of a contract for commercial items (see standards in)

DCAA Customer Satisfaction Survey

- ☞ DCAA Public Website – Customers tab (www.dcaa.mil)
- ☞ Survey Link:
<https://www.surveymonkey.com/r/B3KZCHC>

Questions/Comments



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