

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

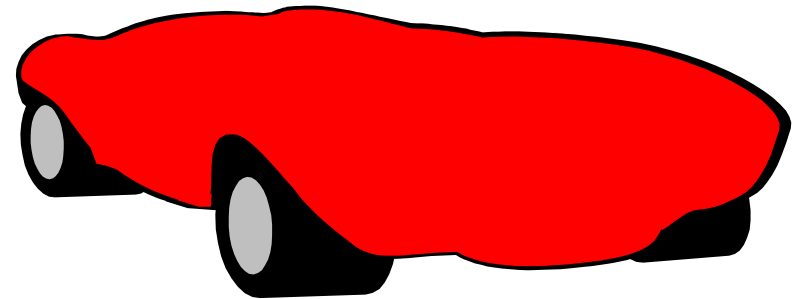
G&A – 20% 60

Total cost \$360

Profit – 10% 36

Total price \$396

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

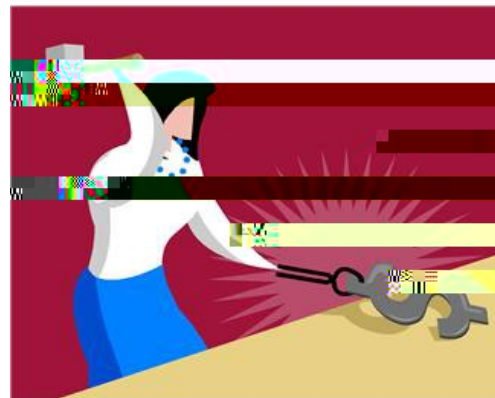
**Certified Cost or Pricing Data
and
Data Other Than Certified
Cost or Pricing Data**

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

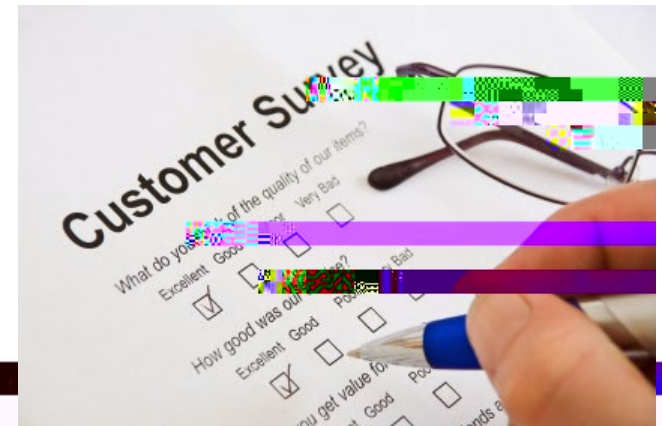
- **Certified Cost or Pricing Data (FAR 2.101)**
 - Means cost or pricing data required to be submitted and certified as accurate, complete, and current
- **Cost or Pricing Data**
 - All facts up to the time of agreement on price which prudent buyers and sellers would reasonably expect to have a significant effect on price negotiations
 - Are factual and verifiable

FAR Requirements

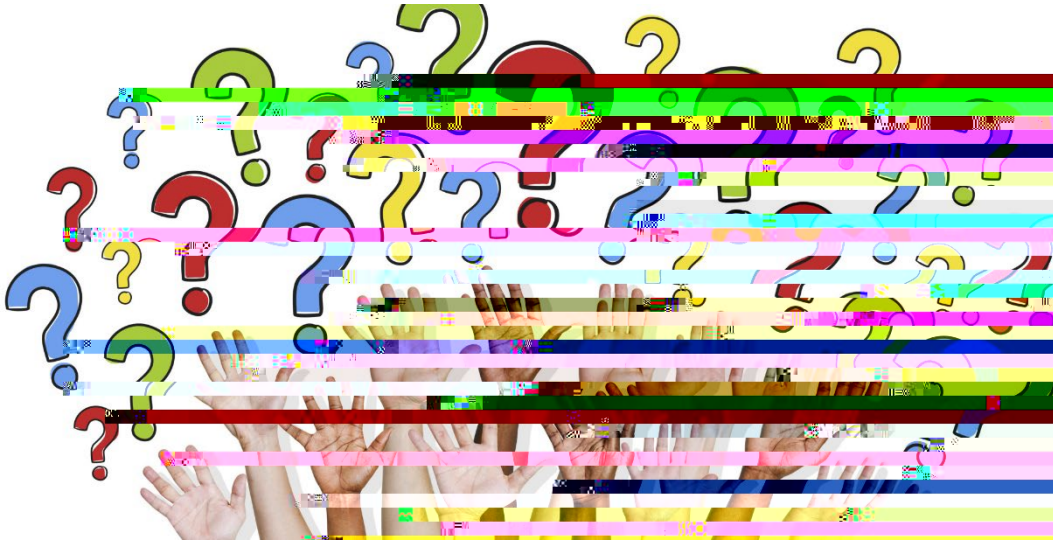
- price based on adequate price competition
- price based on prices set by law or regulation
- commercial item
- waiver granted (see standards in)
- modification of a contract for commercial items (see standards in)

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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