



DCMA Manual 2401-01

Negotiation Intelligence Procedures

Office of Primary Responsibility	Negotiation Intelligence Capability
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Purpose: This issuance, in accordance with the authority in DoD Directive 5105.64, “Defense Contract Management Agency (DCMA)”:

- Implements policy established in DCMA Instruction 2401, “Negotiation Intelligence”
- Provides and defines procedures for Negotiation Intelligence

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

1.2. POLICY. It is DCMA policy to:

a. Equip the buying commands with actionable acquisition insight that leads to and supports best value decisions on current contracts and procurement negotiations. Determine and track return on investment related to such efforts.

b. Provide quality and timely field pricing, negotiation, preaward survey, and early acquisition engagement support to the DoD and non-DoD Federal agencies and departments, and other DCMA activities in order to ensure fair and reasonable contract prices.

c. Provide quality and timely pricing and negotiation support for the definitization of unpriced contract actions (e.g., undefinitized contract action (UCA), unpriced change order, unpriced purchase order).

d. Provide quality and timely technical pricing support, to include Technical Support to Negotiations (TSN) and support for Commercial Item Determinations (CID).

e. Execute DCMA activities in an efficient, effective, safe, and ethical manner.

SECTION 2: RESPONSIBILITIES

2.1. DIRECTOR OF PROPOSAL PRICING, COST AND PRICING CENTER. The Director of Proposal Pricing, Cost and Pricing Center will:

- a. Serve as the primary link to coordinate surge pricing support for the agency.
- b. Coordinate with Cost and Pricing Center, Region, and Contracts Management Office (CMO) personnel to assemble proposal surge support teams to augment CMO resources or otherwise assist CMOs and/or buying activities with proposal pricing, when necessary.
- c. Participate in early acquisition engagement and pre-award discussions with DoD customers when establishing cost/pricing analysis strategies.

2.2. DIRECTOR, COMMERCIAL ITEM GROUP , COST AND PRICING CENTER. The Commercial Item Group (CIG) Director will:

- a. Establish a team to work closely with DoD customers as a single government team to analyze commercial items while minimizing workload redundancy.
- b. Facilitate working relationships within DCMA to support Commercial Item reviews.
- c. Establish thresholds for accepting requests for Commercial Item review.
- d. Facilitate communication between the CIG and the DoD customers early on in the procurement cycle to help identify Commercial Item solutions for DoD programs.

2.3. CMO CONTRACTS DIRECTOR AND ENGINEERING AND MANUFACTURING GROUP CHIEF (EMGC)/INTEGRATED COST ANALYSIS TEAM (ICAT) DIRECTOR (AT INTEGRATED COST ANALYSIS TEAM LOCATIONS). The Contracts Director and EMGC/ICAT Director will:

- a. Designate a TSN coordinator(s) (EMGC/ICAT Director Only).
- b. Establish a team environment enabling the CMO work closely with customers and the Defense Contract Audit Agency (DCAA) as a cohesive government team to analyze costs while minimizing workload redundancy.

2.4. SUPERVISOR/LEAD. The Supervisor (Contracts, Pricing, and Technical)/Lead (Contracts, Pricing, and Technical) will:

- a. Manage the pricing, technical, and/or preaward workload of the assigned individuals under their oversight.
- b. Review and approve pricing, technical, and/or preaward reports and supporting documentation prior to release to requestor.

c. Assign a Preaward Survey Manager (PASM) and alternate (in accordance with (IAW) paragraph 9.1. of this Manual).

d. Approve access to any required agency authorized capabilities (First Line Supervisor only).

e. Assign individual(s) based on customer request.

2.5. TECHNICAL SUPPORT TO NEGOTIATIONS COORDINATOR. TSN Coordinator will:

a. Perform initial review of request.

b. Confirm receipt of request.

c. Track request providing oversight of established timelines.

2.6. ASSIGNED INDIVIDUAL. The assigned individual is responsible for performing negotiation intelligence (NI) tasks as described in this Manual. An assigned individual may be an Administrative Contracting Officer (ACO), cost/price analyst, contract specialist, contract administrator, Financial Analyst, or Technical Specialist (engineer, software, industrial specialist, or quality assurance representative).

2.7. CMO PREAWARD SURVEY MANAGER. The CMO PASM and PASM alternate are the focal point for receiving and managing Preaward Survey (PAS) process requests.

2.8. FINANCIAL CAPABILITY GROUP (FCG) PREAWARD SURVEY MANAGER. FCG PASM or alternate is the focal point for receiving and managing PAS process requests related to Financial Capability.

2.9. CMO ELECTRONIC CONTRACT ADMINISTRATION REQUEST SYSTEM (ECARS) POINT OF CONTACT (POC). The CMO ECARS POC will:

a. Communicate when a requirement exists to utilize ECARS to provide estimated reimbursable hours.

b. Track reimbursable hours to include, but not limited to: National Aeronautics and Space Administration (NASA), Navy Nuclear Level 1 Subsafe requirements, non-DoD or Foreign Military Sales.

SECTION 3: GENERAL PROVISIONS

3.1. GENERAL INFORMATION. This Manual:

- a. Identifies the types of NI supporting the negotiation of prices DCMA provides to Federal agencies, other Defense agencies, and to other DCMA activities.
- b. Prescribes the NI processes for implementing higher level requirements such as Federal laws, Federal regulations, DoD regulations, and DoD guidance with respect to NI.
- c. Prescribes the NI processes for DCMA-level requirements not prescribed in higher-level requirements such as report format, report review, and report approval.

3.2. TYPES OF NI SUPPORT. Sections 4 through 9 are the different types of support covered in this Manual. The following paragraphs list the section number, title, and brief description of the Manual contents in the section.

- a. Section 4, Field Pricing Assistance, prescribes the DCMA processes for performing field pricing at both the prime and subcontract level. It includes performing proposal review and analysis, documentation requirements, and report formatting and approvals.
- b. Section 5, Definitization of UCAs, prescribes the DCMA processes for DCMA ACO negotiation support actions. It includes the pre-negotiation, negotiation, post-negotiation, and internal review and concurrence activities, documentation requirements and report formatting and approvals.
- c. Section 6, TSNs, prescribes the DCMA processes for receiving, documenting, and performing technical analysis. It includes proposal review, areas of analysis, documentation requirements, and report formatting and approvals.
- d. Section 7, Commercial Item Support, prescribes the DCMA processes for performing commerciality recommendation and pricing support at both the prime and subcontractor level. It includes performing Commercial Item evaluations, Commercial Item reports, documentation requirements, and report formatting and approvals.
- e. Section 8, Early Acquisition Engagement, provides the DCMA procedures for activities performed, in conjunction with the contracting activities, prior to contract award to include the pre-request for proposal preparation stage.
- f. Section 9, Preaward Surveys, prescribes the DCMA processes for receiving, documenting, and performing PAS requests. It includes processes associated with managing requests for Qualified Suppliers List (QSL), Qualified Products List (QPL), Qualified Manufacturers List (QML), Qualified Bidders Lists (QBL) verification/validations, and report formatting and approvals.

3.3. PROTECTING CLASSIFIED AND CONTROLLED UNCLASSIFIED

INFORMATION. Protecting information is critical and integral when conducting the processes associated with this Manual. DCMA personnel are responsible for protecting classified and controlled unclassified information (CUI) entrusted to them. DCMA personnel must take prudent steps to ensure final disposition of classified and CUI per DCMA and DoD policy. These procedures vary based on the type, access, and nature of the material involved. Refer to the DCMA Manual (DCMA-MAN) 3301-08, "Information Security," for guidance on the control, transmission, destruction, and storage of such material.

3.4. DELEGATION OF RESPONSIBILITIES. The individuals holding the positions listed in Section 2 of this Manual may delegate their responsibilities unless expressly prohibited by this Manual, another DCMA Instruction, higher-level guidance, regulations, law, or statute. The individual delegated the responsibility does not have the authority to further delegate the responsibility.

3.5. RECORDS MANAGEMENT. Records Management requirements associated with this document are located on the Resource Page of this Manual (hereafter referred to as the Resource Page).

SECTION 4: FIELD PRICING ASSISTANCE

4.1. OVERVIEW.

a. Section 4 provides the process for DCMA field pricing assistance using the guidance found in Federal Acquisition Regulation (FAR) Subpart 15.4 and Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 215.4, “Contract Pricing.”

b. This section of the Manual covers the following types of field pricing assistance.

(1) Proposal Pricing. Proposal pricing is the process of evaluating all or part of a contractor’s pricing proposal.

(2) Rate Check. A rate check consists of providing information from a current Forward Pricing Rate Agreement (FPRA), Forward Pricing Rate Recommendation (FPRR), DCAA audit, or a recently performed DCMA rate analysis. A rate check may also include simple recalculation of the proposal using the available rates, if requested by the requestor.

c. Descriptions of the positions referenced in Section 4.

(1) Pricing Lead. The pricing lead is the individual with supervisory or non-supervisory oversight of the assigned individual’s pricing workload.

(2) Pricing Case POC. The pricing case POC is the assigned individual.

4.2. RECEIVING FIELD PRICING ASSISTANCE REQUESTS.

a. Determine Cognizant Office. The pricing lead of the CMO receiving field pricing assistance requests must identify the cognizant CMO.

(1) If the receiving CMO is not the cognizant CMO, the pricing lead must forward the request to the cognizant CMO. The pricing lead may use the Contract Management Team (CMT) Viewer, the Contract Administration Services Directory (CASD), or other methods of identifying the cognizant CMO. The Resource Page contains a list of CMO email addresses for receiving requests for field pricing assistance.

(2) For proposals that involve more than one of the contractor’s segments (i.e., one preparing the proposal, one performing any resulting contract), the cognizant CMO is determined by the Commercial and Government Entity (CAGE) code of the segment submitting the proposal. The cognizant CMO should coordinate with the other segments for pricing and technical assistance. The cognizant CMO is responsible for issuing the final report.

b. Identify the Type of Request.

(1) Proposal Pricing. Proposal pricing is the process of evaluating a contractor's proposal, in whole or in part. The following types of proposal pricing have special requirements, in addition to those that pertain to all other proposal pricing.

(a) Notification and Coordination Requirements for Proposals Exceeding \$250 Million. If a non-ICAT CMO receives a request for field pricing assistance for a proposal exceeding \$250 million, the pricing lead, in coordination with the CMO Contracts Director, must notify the Director of Proposal Pricing and appropriate Region Contracts Director. The notification must include the contractor/subcontractor name and CAGE code; program name, including any specific designators (e.g., stage of development or production, including lot number, if applicable); dollar value of the proposal; and contact information for the pricing lead, CMO Contracts Director, and Region Contracts Director. Send the notification to the Cost and Pricing Center inbox as identified on the Resource Page. At non-ICAT locations, the Director of Proposal Pricing, Region Contracts Director, and cognizant CMO should discuss the approach for providing field pricing assistance and, if necessary, assemble a proposal surge support team to augment the cognizant CMO.

(b) Foreign Contractor Requests. If proposal pricing is needed for a contractor located outside the continental United States (OCONUS), the pricing case POC must follow the requirements in the "DCMA Foreign Contractors Pricing and Assist Audit Information" located on the Resource Page. The cognizant DCMA International CMO must initiate requests for field pricing assistance and assist audits made to foreign nation audit agencies (Host Nation).

(2) Rate Check. A rate check consists of providing information from a current FPRA, FPRR, DCAA audit, or a recently performed DCMA rate analysis. A rate check may also include simple recalculation of the proposal using the available rates, if requested by the requestor. A rate check does not involve the evaluation of a proposal (proposal pricing) or the components of a rate (pool and base). A rate check is not subject to the requirements in paragraphs 4.3. through 4.7. If analysis of a rate is required, it is considered proposal pricing as defined in 4.1.b.(1).

(3) TSN Only. If the request is for a technical evaluation only (no field pricing assistance requested), forward the case to the TSN coordinator and notify the requestor. Do not set up a pricing case in the agency authorized capability.

(4) Commercial Item Support. If the request includes evaluation of commercial pricing and/or commerciality refer to Section 7.

c. Identify the Source of Request. Requests for contractor or subcontractor field pricing assistance may come from an internal (DCMA) requestor, an external (non-DCMA government activity) requestor or a contractor. All requests must be in writing.

(1) Internal Requests. DCMA requestors must submit requests for field pricing assistance through the agency authorized capability, identified on the Resource Page.

(2) External Government Requests. DCMA employees should instruct non-DCMA requestors (e.g., other DoD activities, Federal agencies) to submit requests for field pricing assistance by following the guidance found on the DCMA Public Web Site under the Pricing Support link. A subcontractor's cognizant CMO may receive requests for subcontractor assistance directly from non-DCMA requestors.

(3) Contractor Initiated Requests. A contractor (prime contractor or higher-tier subcontractor) may request DCMA field pricing assistance if denied access to the subcontractor's records. The contractor must submit the request for assistance to their cognizant CMO, not directly to the subcontractor's cognizant CMO. If received directly, the subcontractor's cognizant CMO must forward the request to the contractor's cognizant CMO for action.

d. Process Contractor Initiated Requests.

(1) Contractor initiated requests for subcontractor support must be submitted in writing and include a copy of the letter or other documentation from the subcontractor denying access to some or all of its records, as well as a written justification/explanation with supporting detail that demonstrates how fulfilling the request serves a valid government interest. The request should include the following information to assist the cognizant Procuring Contracting Officer (PCO) or ACO in determining whether providing the requested support will serve a valid government interest:

(a) Basic information on prime contractor/solicitation (e.g., program name, prime contractor, solicitation number).

(b) Statement as to whether or not the prime contract with the government has been negotiated.

(c) Basic subcontract proposal information (e.g., value, identification number, contractor POC, CAGE code, validity date range).

(d) Sanitized proposal or quote as received from the subcontractor.

(e) A written assertion from the subcontractor stating the extent of government access to their data.

(f) Any other information or data pertaining to the proposal that the subcontractor provided to the contractor.

(g) The contractor's Request for Proposal (RFP) issued to the subcontractor.

(h) A description of the contractor's efforts to evaluate the subcontractor's proposal.

(2) The cognizant CMO must verify that the contractor's request serves a valid government interest. The cognizant CMO should consider seeking concurrence from the

government PCO responsible for negotiating the prime contract, if applicable; however, the cognizant ACO may make the determination independent of the PCO based on information collected from the requesting contractor. If the cognizant ACO attempts to confirm valid government interest independent of the PCO, consider the following items:

- (a) Impact on a government prime contract price (existing contract or open solicitation).
 - (b) Status of contract negotiations between the prime contractor and the government.
 - (c) If the requesting contractor is a subcontractor, the status of contract negotiations between the requesting subcontractor and higher-tier contractor.
 - (d) Status of contract negotiations between the requesting contractor and their subcontractor. The existence of a negotiated price between the requesting contractor and their subcontractor does not preclude an impact on a government prime contract price.
- (3) The cognizant CMO must accept the contractor's request if it serves a valid government interest.
 - (4) The cognizant CMO must provide a written response to the requesting contractor either accepting or rejecting the contractor's request.
 - (5) Upon acceptance of the request, the cognizant CMO of the requesting contractor must submit a subcontractor assistance request to the cognizant CMO of the subcontractor via the agency authorized capability. The request package must include all items received from the requesting contractor and the written acceptance provided to the requesting contractor. The CMOs should discuss the best way to transmit the request package (e.g., the agency authorized capability, email, other file exchange medium).
 - (6) The cognizant CMO of the subcontractor must not reject the request for any reason without following the cancellation procedures in paragraph 4.3.d. For this situation, the requestor, as identified in paragraph 4.3.d., is the requesting contractor's cognizant CMO.
- e. Coordinate Resources and Expertise. Upon receipt of a request for field pricing assistance, the cognizant CMO should take all available actions to meet the needs of the requestor to the maximum extent possible. The CMO must not reject a request due to the lack of resources or expertise without elevating the request by following the procedures on the resource page.
 - f. Create the Pricing Case. The pricing lead of the cognizant CMO has the responsibility for creating a pricing case by entering the request into the agency authorized capability. Requests received via the agency authorized capability accomplish this step. The pricing lead may delegate this responsibility to a pricing case POC under his/her oversight.

g. Assign the Pricing Case. The pricing lead has the responsibility of assigning pricing cases.

h. Confirm Receipt of Request. The pricing case POC must notify the requestor of the receipt of the request in writing.

4.3. REVIEWING PROPOSAL.

a. The pricing case POC initiates field pricing assistance with the following actions:

(1) Establish a Case File. The pricing case POC must store correspondence and documents associated with the pricing case in the case file. The pricing case POC must appropriately mark all applicable correspondence and documents. Refer to FAR 3.104 and DCMA-MAN 3301-08 for additional information related to marking.

(2) Conduct Preliminary Proposal Review. The pricing case POC must review the extent of the field pricing assistance requested. The extent of assistance requested may range from one to all of the cost elements in the proposal. The pricing case POC should review the entire proposal to the maximum extent practicable regardless of the scope of the request to obtain general knowledge about the request and the proposed effort.

(3) Verify Certified Cost or Pricing Data Requirements. The pricing case POC must review the proposal and RFP to verify if the proposal will be subject to certified cost or pricing data, or if an exception/waiver is in place, IAW FAR 15.403, "Obtaining certified cost or pricing data." Annotate in the agency authorized capability if the proposal requires the submission of certified cost or pricing data.

(4) Conduct Proposal Adequacy Review.

(a) The pricing case POC must perform a proposal adequacy review for field pricing assistance prior to acknowledging the case. Perform the proposal adequacy review commensurate with the scope of the requested assistance (e.g., entire proposal, selected cost elements).

(b) If the requestor or contractor performs a proposal adequacy review prior to requesting DCMA assistance, the pricing case POC must still perform the proposal adequacy review. However, the pricing case POC should consider the previous review to facilitate their review.

(c) The pricing case POC must document the proposal adequacy review using the Proposal Adequacy Checklist located on the Resource Page.

1. If a section of the checklist does not apply to the proposal, fill it out to the maximum extent practicable or mark it as not applicable (NA).

2. If there is no requirement for Certified Cost or Pricing Data, the contractor may not need to meet all the requirements of this checklist, but DCMA will use it as applicable for the proposal adequacy review.

3. Document inadequacies found during the review on the checklist.

(d) The pricing case POC should notify the cognizant ACO, requestor, and contractor (as appropriate) of inadequacies in the proposal.

(e) After completion of the adequacy review, the pricing case POC must determine if the data provided in the proposal is sufficient to begin the requested field pricing assistance. If the data is insufficient to begin the requested assistance, the proposal may be considered deficient, as defined at FAR 15.404-2(d).

(f) For a deficient proposal, the pricing case POC must perform the following steps:

1. Notify the cognizant ACO of the proposal inadequacies for business system considerations.

2. Notify the requestor of the proposal inadequacies.

3. Contact the contractor to resolve inadequacies preventing the proposal pricing analysis unless otherwise directed by the requestor.

4. Review the contractor responses and determine if the information is sufficient to perform the proposal pricing analysis.

5. If the contractor does not provide the required information, discuss the inadequacies with the requestor and the pricing lead. Request their decision on whether to cancel or proceed with the review with incomplete information utilizing alternative evaluation techniques. If needed, follow the cancellation procedure as outlined in paragraph 4.3.d.

(g) Document the results of the proposal adequacy review and actions taken to resolve inadequacies in the case file and the “Cost and Pricing Analysis Report” (hereafter referred to as “pricing report”).

(5) Risk Assessment, Scope Determination, and Analysis Strategy. The pricing case POC must perform a risk assessment and determine the scope of the review using either the template located on the Resource Page or a similar local template which includes the same general information. The pricing case POC must develop a plan for reviewing each cost element and/or service requested. The pricing case POC should engage the requestor as needed during the risk assessment and scope determination process as the results will affect how the pricing case POC develops the analysis strategy and establishes an estimated completion date.

(a) The risk assessment can identify possible issues that could affect the performance of the requested field pricing assistance. Document all risk assessment actions taken including the impact on the analysis. As part of the risk assessment, the pricing case POC:

1. Must identify the status of the contractor's business systems and consider any outstanding deficiencies.

2. Must identify if the contractor is required to have a Disclosure Statement, if the contractor has any Cost Accounting Standards (CAS) non-compliances, and the proposal's CAS coverage requirement.

3. Must consider the impact from any proposal deficiencies identified while performing the proposal adequacy review.

4. Should contact the cognizant ACO to discuss any relevant issues concerning the contractor. This includes the existence of a valid FPRA or FPRR.

5. Should contact the cognizant DCAA office to identify and discuss any ongoing or pending contractor audits or any other relevant issues.

(b) The scope determination will establish the extent of the field pricing assistance provided, the proposal analysis techniques to apply, the strategic approach, and the need for any additional assistance (e.g., DCAA audit assistance, technical assistance, subcontractor field pricing assistance).

1. Extent of Field Pricing Assistance. The pricing case may involve the analysis of an entire proposal or selected cost elements in the proposal. The requestor may also specify which Contract Line Item Numbers (CLINs), years, or options to review. If the request is not clear, the pricing case POC should contact the requestor for clarification.

2. Scope Refinements. The pricing case POC may discuss with the requestor inclusion/exclusion of any cost element (including profit) into/from the review, whether or not the cost element is included in the request. If there is a need for a bottom-line price recommendation (e.g., for a sanitized report or based on a specific request), the pricing case POC should consider if the proposed profit rate should be included in the scope of the review.

3. Proposal Analysis Techniques. FAR 15.404-1, DFARS 215.404-1, and DFARS Procedures, Guidance and Information (DFARS/PGI) 215.404-1, "Proposal Analysis Techniques" list and explain several proposal analysis techniques. Cost analysis, price analysis, and technical analysis are the most commonly used techniques.

4. Additional Assistance. The pricing case POC determines the need for additional assistance. The pricing case POC must submit requests for assistance in writing. The pricing case POC must contact the provider of the assistance to discuss the scope of the assistance, coordinate a completion date, and obtain a written acknowledgement from the

provider. Include all the correspondence associated with the request in the case file. Additional assistance includes, but is not limited to that in the following:

a. DCAA Audit Assistance. The pricing case POC should consider the need for DCAA audit assistance IAW the thresholds in DFARS/PGI 215.404-2(c). If DCAA is unable to support the request, the pricing case POC must consider this in the analysis strategy.

b. Technical Assistance. The pricing case POC determines if technical assistance is required to conduct the analysis. The pricing case POC must submit requests for technical assistance through the agency authorized capability. The pricing case POC should attach the proposal and any other supporting documentation (e.g., RFP, Statement of Work (SOW), or Statement of Objectives (SOO), Work Breakdown Structure (WBS)) necessary to the request for technical assistance.

c. Subcontractor Field Pricing Assistance. The pricing case POC determines the need for subcontractor field pricing assistance. The pricing case POC must submit requests for subcontractor field pricing assistance through the agency authorized capability.

b. Pre-acknowledgement Coordination. The pricing case POC should discuss the results of the proposal adequacy review, risk assessment, scope determination, and determination of need for any additional assistance with the requestor prior to acknowledgement. The pricing case POC and requestor should discuss if the scope should be changed and if the requested due date is realistic or should be modified. If the pricing case POC can meet the requested scope of requirements and the due date, pre-acknowledgement coordination may not be necessary.

(1) If the requestor agrees to the scope of the review and the DCMA estimated due date, provide the requestor a written acknowledgement as described in paragraph 4.3.c., and begin the review.

(2) If the pricing case POC and the requestor do not agree on the due date, discuss alternatives with the pricing lead and the requestor. Some of the alternatives could include modifying the scope of the review, providing additional resources, or requesting surge support. Continue discussion until reaching an agreement.

(3) If the pricing case POC and pricing lead are unable to meet the needs of the requestor after reviewing all the alternatives, consider cancelling the case as prescribed in paragraph 4.3.d.

c. Acknowledge the Pricing Case. Once the pricing case POC and requestor agree to the due date and scope of the review, the pricing case POC must send a written acknowledgement of acceptance (e.g., signed memorandum, email) to the requestor. The written response must contain the following information agreed to by the pricing case POC and the requestor:

(1) Due date.

(2) Services or cost elements to review.

- (3) Proposal analysis technique(s) to apply (e.g., price, cost and technical).
- (4) Additional assistance requested.

d. Cancelling a Pricing Case.

(1) Cancellation by the Requestor. If the requestor informs the pricing case POC that the field pricing assistance is no longer needed, the pricing case POC must:

- (a) Obtain the cancellation notification from the requestor in writing.
- (b) Notify the pricing lead.
- (c) Save all work to date and the notification from the requestor in the case file.
- (d) Prepare case files for cancelled cases IAW documentation guidelines in paragraphs 3.3. and 3.5.
- (e) Update the agency authorized capability to include the reason for the cancellation.

(2) Cancellation Initiated by DCMA. Cancellation of a case by DCMA is a last resort and requires performance of the following actions:

- (a) The pricing case POC must discuss the status and issues with the pricing lead. The pricing case POC and the pricing lead must consider all alternatives before considering cancellation. The alternatives can include extensions, reassignment, changes in scope, alternative evaluation techniques, additional resources and surge support, or any combination.
- (b) The pricing case POC and pricing lead will discuss the status, issues and options with the requestor, prior to considering cancellation.
- (c) The pricing lead must determine that no other options are available, other than cancellation.
- (d) If the requestor concurs, the pricing case POC may cancel the case, document the requestor's concurrence in the case file, and update the agency authorized capability.
- (e) If the requestor does not concur, the pricing case POC will prepare the case file for cancellation approval. The case file should include all actions taken to date and the reason for the requested cancellation. The pricing case POC must elevate the cancellation request to the pricing lead and then to the CMO Contracts Director or ICAT Director (at ICAT locations), who may authorize the cancellation of the request or case without the requestor's concurrence. Cancelling pricing cases without requestor concurrence should be extremely rare and should be avoided, if possible.

1. If the CMO Contracts Director or ICAT Director (at ICAT locations) approves the request, the pricing case POC must send a memorandum with the explanation for the cancellation to the requestor signed by the Contracts Director or ICAT Director (at ICAT locations). The pricing case POC must save a copy of the memorandum in the case file and cancel the case in the agency authorized capability.

2. If the CMO Contracts Director or ICAT Director (at ICAT locations) does not authorize the cancellation, the pricing case POC and pricing lead must discuss the continuation of the analysis with the requestor and any limitations that may affect the analysis. Document the discussion and any changes to the original acknowledgement in a new written acknowledgement. The pricing case POC will complete the request to the maximum extent practicable based on the information available and within the specified timeframe. Document the limitations on completing the analysis in the report.

4.4. PERFORMING PROPOSAL PRICING ANALYSIS.

a. Begin Analysis. After completing paragraph 4.3., the pricing case POC begins the analysis. The pricing case POC may perform the actions in paragraph 4.4. in the sequence that best fits the situation.

b. Fact Finding. Use fact finding to gather all relevant data needed to perform the analysis of the proposal. Include all information received in the case file. Conduct fact finding using the following techniques or other techniques as required.

(1) Conduct Walk Through. The pricing case POC should conduct a walk through with the contractor, particularly for complex proposals, as early as possible in the process. The pricing case POC should coordinate the attendance of all appropriate contractor and government personnel.

(2) Request for Information (RFI). When RFIs are used, the requestor or local guidance should dictate the appropriate method.

(3) Gather Information. The pricing case POC should contact the ACO, PCO, DCAA, and other DCMA functional specialists for relevant information. Request information needed to complete the analysis.

c. Establish Cost Model. A cost model is required to monetize the recommendations. The pricing case POC may create one, or use one provided by the requestor or contractor. If the pricing case POC uses a provided model, the POC must verify the calculations. The cost model must:

(1) Support the recommendations in the report. If the requestor wants the recommendations by CLIN, year, or options, the cost model must provide the detail by those requirements.

(2) Summarize the proposal by cost elements in a form that can be manipulated (e.g., Excel spreadsheet, pricing software) to show the evaluated and recommended changes.

(3) Show the basis of the calculations.

(4) Be included in the case file.

d. Perform Cost Analysis. Cost analysis is the review and evaluation of any of the separate cost elements in a contractor's proposal. Information and guidance related to descriptions and analysis of the most common cost elements can be found in the Contract Pricing Reference Guides (reference link at FAR 15.404-1(a)(7)) and/or other training resources.

(1) The pricing case POC must perform the cost analysis and provide recommendations for all services/cost elements agreed to in the written acknowledgement. The review can include any or all parts of a proposal or cost element. The risk assessment and scope determination should determine the depth and detail of the analysis.

(2) The pricing case POC should utilize the cost analysis techniques in FAR 15.404-1(c).

(3) The pricing case POC must use information from the current FPRA or FPRR in the cost analysis, if one exists.

(4) The pricing case POC is responsible for the overall analysis. The cost element analysis must be consistent with the scope in the written acknowledgement. The pricing case POC may request technical assistance for any cost elements.

(5) Documentation and explanations in the case file must support all recommendations, including amounts accepted as proposed.

e. Perform Price Analysis. Price analysis is the process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit. The pricing case POC must perform a price analysis if agreed to in the written acknowledgement.

(1) The pricing case POC should utilize the price analysis techniques in FAR 15.404-1(b).

(2) The pricing case POC must make a statement on performing or not performing a price analysis in the pricing report.

f. Receive and Incorporate Assistance Reports.

(1) The pricing case POC should consider all requested reports for technical assistance, subcontractor assistance, and/or DCAA audit assistance when developing a recommended position.

(a) The pricing case POC should attempt to resolve any concerns with the assistance report with the issuing activity. Reissuance of the assistance report may be appropriate.

(b) The pricing case POC must describe any differences between the assistance reports and the pricing case POC's recommendations in the pricing report, and document the rationale in the case file.

(2) The report and amounts in the agency authorized capability will reflect the total value of the proposal under review, including all assistance reports.

(3) The pricing case POC should provide feedback to the individuals who provided assistance. This feedback may include the usefulness of the report, how the report was incorporated, the results of the negotiations, and/or any suggestions for improvement. Feedback provided should be used to help improve analysis techniques and add value to future assistance products.

g. Develop a Recommendation for Each Cost Element Evaluated. The pricing case POC must develop a recommendation for each cost element evaluated. The case file must clearly state, for each evaluated cost element:

- (1) What was proposed.
- (2) The basis of the proposal.
- (3) The methodology used to select items to evaluate.
- (4) The items selected that were evaluated.
- (5) The methodology used to evaluate the items.
- (6) How the results of the assistance reports were incorporated, if applicable.
- (7) A summary of the findings.
- (8) How the recommendations were developed.

h. Develop an Overall Recommendation and Complete the Cost Model. The purpose of the analysis is to develop a recommendation that a contracting officer can use as a basis to negotiate a fair and reasonable price. The pricing case POC must calculate and quantify the recommendation using the cost model. The cost model must include all elements of cost and price, both evaluated and non-evaluated. A summary must be included within the cost model that matches the unsanitized report (and sanitized report, if applicable).

i. Document the Analysis. The pricing case POC must document the analysis and all recommendations in the case file. The documents must adequately describe the analytical techniques, rationale, and assumptions used during the evaluation, and include a statement that

the recommendations form an adequate basis for negotiation of a fair and reasonable price. The pricing case POC must document any business system deficiencies or CAS, FAR Part 31 and DFARS Part 231, "Contract Cost Principles and Procedures," noncompliances found during the analysis in the case file and in the report.

j. Due Date Extensions. Extensions may become necessary due to issues such as unplanned RFIs, contractor delays in providing requested information, and/or scope changes. If an extension to the agreed upon due date is required, the pricing case POC must document the rationale and obtain approval for the extension from the pricing lead using the agency authorized capability. The pricing case POC must also obtain and document approval from the requestor. The pricing case POC must identify all acknowledgement and extension dates in the pricing report.

4.5. WRITING THE COST AND PRICING ANALYSIS REPORT.

a. Cost and Pricing Analysis Report. The pricing case POC must document the results of the field pricing assistance using the Cost and Pricing Analysis Report Template located on the Resource Page. If the requestor desires a report with a format different from the Cost and Pricing Analysis Report Template, the pricing case POC should adjust the report format to accommodate the requestor and document the case file with the request. The report must show all evaluated cost elements and recommendations and should not apply non-evaluated indirect rates and profit. If the requestor requests application of non-evaluated indirect rates and profit to the DCMA-recommended position, the report must contain a statement that specifies which elements were not reviewed.

b. Foreign Contractor Reports. For Foreign Contractor assistance, the pricing case POC may modify the template(s) as necessary to meet the needs of the foreign nation's practices and methodologies.

c. Contractor Initiated Requests. If the contractor (prime contractor or higher-tier subcontractor) requested the review due to the denial of access, the pricing case POC usually must prepare two reports, unsanitized and sanitized. The pricing case POC must obtain the subcontractor's restrictions on the release of data to the contractor in writing, and attach it to both reports.

(1) Unsanitized Report. This report contains the analysis of the subcontractor's proposal without the data restrictions imposed by the subcontractor. The pricing case POC must use the Cost and Pricing Analysis Report Template located on the Resource Page.

(2) Sanitized Report. This report contains the analysis of the subcontractor's proposal with the data restrictions imposed by the subcontractor. The pricing case POC must use the Cost and Pricing Analysis Report Template – Sanitized, located on the Resource Page. Non-evaluated cost elements may need to be included as proposed within summary recommendations to ensure conformity to release restrictions. If a bottom line price will be provided, include all cost elements, even if non-evaluated.

4.6. REVIEW AND APPROVAL.

a. Prepare Case File for Review. The pricing case POC should assemble the case file prior to the review and approval process. The case file must include a completed Case File Documentation Checklist and a Case File Index located on the Resource Page.

b. Peer Reviews. DCMA recommends the use of peer reviews as a best practice to improve the quality of pricing reports. Peer reviews are reviews not performed by the pricing lead. A peer review does not take the place of a pricing lead's review and approval. The CMO and/or requestor will determine the appropriate manner to conduct the peer review.

c. Pricing Lead Review. The pricing case POC will submit a draft report to the pricing lead for review. The pricing lead will review the case file and the draft report and determine if the report is approved for release or requires rework.

d. Sign the Report. The pricing case POC and the pricing lead must sign the pricing report (physically or electronically) prior to releasing it to the requestor. The pricing lead's signature indicates that the report and case file complies with all regulations and DCMA policies and procedures. If a pricing lead or acting pricing lead prepares the pricing report, the final approval signature must be at least one level above the pricing lead.

4.7. COMPLETING THE PROPOSAL PRICING CASE.

a. The requestor and/or the pricing case POC will determine the best method of transmitting the signed report and any supporting documents.

(1) Internal and External Government Requests. The pricing case POC must send the pricing report and any supporting documents to the requestor and to the cognizant ACO, if requested. The pricing case POC must provide all received assistance reports (e.g., DCAA audit, technical, and subcontractor) to the requestor. The pricing case POC must provide a copy of the cost model to the requestor, if requested.

(2) Contractor Initiated Requests. The pricing case POC must send both the unsanitized and sanitized reports to the initiating contractor's cognizant CMO and to the subcontractor's ACO, if requested. The initiating contractor's cognizant CMO must send the sanitized report to the initiating contractor. Prior to sending the sanitized report to the initiating contractor, the sender must confirm the report complies with the subcontractor's written restrictions. See 4.7.a.(3) if the subcontractor restricts the release of all data to the initiating contractor. Do not send the unsanitized report or the cost model to the initiating contractor. The initiating contractor's cognizant CMO should consider sending both the unsanitized and sanitized reports to the PCO.

(3) Subcontractor Restricts the Release of All Data to the Contractor. The pricing case POC will send the unsanitized report to the initiating contractor's cognizant CMO and the subcontractor's ACO. The cognizant CMO will coordinate with the PCO and/or ACO to decide what information to release to the contractor IAW DFARS/PGI 215.404-3(a)(iii).

b. Unless authorized by the requestor, DCMA must not release the pricing report directly to the contractor that is the subject of the report. The pricing case POC should refer the contractor to the requestor concerning the release of the report.

c. Update the agency authorized capability and close the pricing case.

d. Store any documents received after sending the report in the case file.

4.8. PERFORMING RATE CHECKS.

a. A rate check consists of providing information from a current FPRA, FPRR, DCAA audit, or a recently performed DCMA rate analysis. A rate check may also include simple recalculation of the proposal using the available rates, if requested by the requestor.

b. A rate check does not involve the evaluation of a proposal (proposal pricing) or the components of a rate (pool and base). A rate check is not subject to the requirements in paragraphs 4.3. through 4.7. If analysis of a rate is required, it is considered proposal pricing and is subject to the requirements in paragraphs 4.3. through 4.7.

c. Rate check requests for foreign contractors must follow the procedures in paragraph 4.2.b.(1)(b).

d. The pricing case POC must provide the requested rate information to the requestor using the Rate Check Memorandum Template located on the Resource Page, a similar local template which includes the same general information, or another format if requested by the requestor.

e. For a contractor initiated rate check, the pricing case POC must contact the subcontractor for data release restrictions prior to releasing any information to the requestor. Any information released to the contractor must comply with the subcontractor's release restrictions and may require the preparation of a sanitized memorandum. Do not release a subcontractor rate check memorandum directly to the contractor.

f. The pricing case POC and the pricing lead must sign the rate check memorandum prior to releasing it to the requestor. The pricing lead's signature indicates that the memorandum and case file complies with DCMA policies and procedures.

g. Case file documentation for rate checks must include the:

(1) Rate check request.

(2) Receipt confirmation.

(3) Correspondence.

(4) Rate check memorandum.

(5) Subcontractor data release restrictions for contractor-initiated requests.

(6) Cost model, if requested.

4.9. PROVIDE NEGOTIATION SUPPORT. When requested, the pricing case POC must support negotiations.

4.10. RECORDS MANAGEMENT. Reference paragraph 3.5. for records management requirements applicable to this section.

SECTION 5: DELEGATED ACO NEGOTIATIONS

5.1. OVERVIEW.

a. This section provides guidance to the ACO on DCMA ACO negotiation support actions.

b. The types of actions that would require definitization and could be delegated to an ACO and the applicable FAR and DFARS references are:

(1) Unpriced task/delivery orders against an Indefinite Delivery Contract or a Basic Ordering Agreement.

(2) Unpriced change order (FAR Subpart 43.2, “Change Orders” and DFARS 243.204-70, “Definitization of change orders”).

(3) Unpriced purchase order (FAR 13.302).

(4) Over and above work requests (DFARS 217.77).

(5) Provision Items Order (DFARS 217.76).

(6) UCAs as prescribed in DFARS Subpart 217.74.

c. The ACO is responsible for the negotiation process but may delegate the responsibility for some of the procedures within the negotiation process. However, the ACO must maintain oversight of the individual delegated the responsibility to ensure an unauthorized action does not occur during the negotiation process.

5.2. RECEIPT OF AUTHORIZATION FOR ACO NEGOTIATION.

a. Delegation is identified during Contract Receipt and Review. Upon receiving a contract delegating definitization, the ACO must enter the case into the agency authorized capability. Prior to accepting the delegation, refer to the special exceptions section on the Resource Page. Until the proposal is received, the cognizant ACO team must track IAW the applicable regulation:

(1) Contractor Performance.

(2) Proposal Due Date.

(3) Induction status of the item(s) to be repaired (if applicable).

b. The ACO must ensure the contractor complies with the contract definitization schedule. If the proposal is not received by the target date, refer to FAR Clause 52.216-25(c), “Contract Definitization,” for guidance.

5.3. DEVELOPING GOVERNMENT OBJECTIVES.

a. Receive Proposal. The ACO must obtain an adequate or qualifying proposal from the contractor for analysis. Follow paragraph 4.3. to establish the case file, determine adequacy, assess risk and plan the evaluation of the proposal.

b. Proposal Analysis. The ACO is responsible for establishing the government's negotiation position. The ACO may perform the analysis or may request assistance. When the ACO performs the proposal analysis, follow paragraph 4.4. of this Manual for guidance. When the ACO desires assistance from a DCMA Cost/Price Analyst (CPA), follow paragraph 4.2.b.(1) of this Manual for requesting DCMA CPA support. If technical analysis is required, follow paragraph 6.2.a. for requesting technical support. DCAA audit assistance may be requested IAW DFARS PGI 215.404-2(c). If DCAA is unable to support the request, the ACO will perform the analysis or request support from a CPA.

c. Develop the Pre-Negotiation Objectives (PNO). The ACO must establish and document the PNOs in a Pre-Negotiation Objectives Memorandum (PNOM) prior to conducting the negotiation.

(1) When proposal analysis support is requested from pricing, technical, or DCAA, the ACO should receive a report containing recommendations from the functional specialist. The ACO should consider the recommendations from the reports received when establishing PNOs and document them in the PNOM. Follow the guidance in paragraph 4.4. for receiving and incorporating the requested support.

(2) When the ACO performs the proposal analysis, the results of the analysis must be documented in the appropriate PNOM template.

(3) The ACO must use one of the templates located on the Resource Page for writing the PNOM as prescribed in subparagraphs (a) through (c). The ACO may add sections to address specific circumstances as needed but must not delete any of the template sections. If a section of the template does not apply to the negotiation, briefly explain why in that section.

(a) PNOM Template. If the total pre-negotiation objectives amount exceeds the Simplified Acquisition Threshold (SAT), as defined at FAR 2.101, "Definitions," the ACO must use this template for preparing the PNOM.

(b) Combined PNOM/Price Negotiation Memorandum (PNM) Template for under SAT. If the total pre-negotiation objectives amount does not exceed the SAT, the ACO may prepare a combined PNOM/PNM using this template.

(c) Combined PNOM/PNM Template for Micro Purchases. If the total pre-negotiation objectives does not exceed the Micro Purchase threshold (as defined at FAR 2.101, "Definitions"), the ACO may prepare a combined PNOM/PNM using this template.

(4) The ACO must seek the appropriate levels of review and concurrence (paragraph 5.5.) after preparing the PNOM and before proceeding with the negotiation.

5.4. NEGOTIATION.

a. Prior to Negotiation. The ACO or assigned negotiator, hereafter referred to as the assigned negotiator, should meet with the functional specialists involved with the analysis to determine the need for and availability to participate in the negotiation. If DCAA issued an audit report in support of the negotiation, the assigned negotiator must also extend an invitation to DCAA. The assigned negotiator must:

(1) Ensure all government attendees understand their roles and expectations during negotiation meetings, to include refraining from discussing experiences with other contractors, except with other government attendees.

(2) Contact the PCO to discuss any issues prior to negotiation, including obtaining appropriate funding documents.

b. Conduct Negotiation.

(1) The assigned negotiator should ensure the contractor representative(s) have the authority to negotiate on behalf of the company.

(2) The ACO responsible for the negotiation should be present. If the ACO responsible for the negotiation is unable to attend (i.e., due to geographic dispersion, urgency), the assigned negotiator must inform the contractor that any understanding or agreement reached requires ACO approval with the appropriate levels of review and concurrence.

(3) The assigned negotiator must notify the contractor that the agreement is subject to the availability of funds.

(4) Techniques on how to perform a negotiation can be found in the Contract Pricing Reference Guide (CPRG). A link to the CPRG is available on the Resource Page.

(5) If during negotiations the assigned negotiator believes the negotiated amount may exceed the government objectives in the PNOM, the assigned negotiator must stop negotiation for a re-evaluation to include the ACO.

(a) Depending on the scope of change and rationale for the anticipated increase, the contractor may be required to provide supplementary documentation. The supplementary documentation may necessitate the need for additional financial/technical review.

(b) The assigned negotiator, with ACO concurrence, must submit an amended PNOM, using the applicable template, for the appropriate levels of review and concurrence, as outlined in paragraph 5.5., before continuing negotiation.

c. Documenting the Negotiation. The ACO must document the results of the negotiation in a PNM IAW FAR 15.406-3 and DFARS PGI 215.406-3, “Documenting the Negotiation.” The ACO must use one of the templates located on the Resource Page to document the results of the negotiation.

(1) If the ACO uses the PNOM Template, the PNM Template must be used. The ACO may add sections to address specific circumstances as needed but must not delete any of the template sections. If a section of the template does not apply to the negotiation, briefly explain why the section does not apply.

(2) If the ACO uses one of the combined PNOM/PNM Template(s) to document the PNOs, use the same template to document the negotiation results.

(3) The ACO must clearly state in the PNM how the negotiated price was determined fair and reasonable.

(4) When certified cost or pricing data are required, the assigned negotiator must require the contractor to execute a Certificate of Current Cost or Pricing Data (CCCPD) using the guidance and format in FAR 15.406-2, “Certificate of Current Cost or Pricing Data.” Contractor Certification provides documentation that the cost and pricing data were accurate, complete, and current as of the date of the negotiated agreement.

(a) When a negotiation takes place that entails the execution of CCCPD, a contractor may provide a package of data commonly called a “Sweep Package.” This package includes any data that the contractor has found as a result of a review of its records that may have not been disclosed to the government prior to the handshake that may have impacted negotiations.

(b) The ACO must defer consideration of the impact of any cost or pricing data submitted by a contractor after price agreement is reached until after award of the contract action in order to avoid delays in the awarding of the contract. Any cost or pricing data submitted after price agreement must be reviewed and dispositioned after award of the contract action, pursuant to FAR 15.407-1, to establish whether it is rendered that the certified cost or pricing data submitted up to the point of price agreement was defective, and to determine whether the Government is entitled to a price adjustment IAW FAR 52.215-10 or FAR 52.215-11. For additional guidance, refer to Defense Pricing and Contracting (DPC) Memorandum dated June 07, 2018 located on the Resource Page.

(5) The ACO must seek the appropriate levels of review and concurrence for the PNM (paragraph 5.5.) before proceeding with definitization.

5.5. LEVELS OF REVIEW AND CONCURRENCE.

a. Review is required for all PNOMs and PNMNs prior to concurrence.

b. Legal review by assigned legal counsel is recommended but not required for actions above the Truth in Negotiations Act threshold.

c. The dollar value of the action dictates the level of review for a PNOM, PNM, combined PNOM/PNM, or DCMA Boards of Review (BoR). Refer to DCMA-INST 134, “Boards of Review” for guidance on obtaining appropriate reviews of contracting actions before taking any action. The level of review for the PNM must be the same level of review of the PNOM.

(1) If the dollar value does not exceed the SAT, the ACO is the final review level for the PNOM and PNM, or the Combined PNOM/PNM.

(2) If the dollar value exceeds SAT but does not exceed the threshold for obtaining certified cost or pricing data, the review level for a PNOM or PNM is at least one level above the ACO.

(3) If the dollar value exceeds the threshold for obtaining certified cost or pricing data, the review level for a PNOM and PNM is the CMO Contracts Director.

(4) The type of actions and dollar thresholds requiring a BoR are listed in the BoR matrix located on the Resource Page.

d. If the reviewing authority concurs with the PNOM/PNM, the reviewing authority will sign and date the PNOM/PNM.

e. If the reviewing authority does not concur, the reviewing authority will provide a written response with the reasons for the nonconcurrency.

(1) If the ACO agrees with the nonconcurrency, the PNOM/PNM will be revised and resubmitted.

(2) If the ACO does not agree with the nonconcurrency, a resolution discussion must take place with all applicable levels of management before executing the contract action. For a high-risk, controversial, or precedent-setting action, the ACO should consider a headquarters BoR (see matrix located on Resource Page for additional information). As the warranted contracting officer, the ACO retains the right to reject the nonconcurrency. Every contract action must be the result of the ACO’s personal and independent decision. The ACO must document the discussion and rationale for the decision to proceed in the PNOM/PNM or in a signed memorandum for the case file. The written nonconcurrency either must be included in the case file as a stand-alone document or attached to the PNOM/PNM.

5.6. DEFINITIZATION. The ACO must follow the procedures in DCMA-MAN 2501-02, “Contract Modification Actions,” for issuing the modification to definitize the unpriced contract action.

5.7. COMPLETING THE NEGOTIATION SUPPORT CASE.

a. The ACO must provide a copy of the PNM (or combined PNOM/PNM) to the customer and all external individuals or offices that provided assistance or support (e.g., DCAA, Navy

Price Fighters). The ACO must provide the customer with documents supporting the negotiation when requested.

b. The ACO must upload the PNOM/PNM into the Contract Business Analysis Repository no later than 30 days after award of a contract action of \$25 million or above.

c. The ACO, or assigned individual, must close the negotiation support case in the agency authorized capability used for managing negotiation support cases.

d. The delegated ACO negotiation case file must contain all documents and correspondence used. The case file must include a completed Case File Documentation Checklist and a Case File Index located on the Resource Page.

5.8. RECORDS MANAGEMENT. Reference paragraph 3.5. for record management requirements applicable to this section.

SECTION 6: TECHNICAL SUPPORT TO NEGOTIATIONS

6.1. OVERVIEW.

- a. TSN is performed in response to formal requests for technical analysis of a contractor's proposal.
- b. This Section provides the processes for DCMA TSN IAW FAR Subpart 15.4 and DFARS Subpart 215.4, "Contract Pricing," with a focus on FAR 15.404-1(e), "Technical analysis." DCMA Technical Specialists provide technical analysis for various types of proposals.
- c. DCMA provides technical support for CID and commercial item pricing. Refer to Section 7 of this Manual for additional guidance concerning commercial item support.

6.2. RECEIVE TSN REQUESTS. The requests may come from an internal (DCMA) or an external (non-DCMA government) requestor.

a. Receive TSN Request. Internal pricing assist requests will be received via the agency authorized capability. Internal and external TSN only requests will be routed to the TSN Coordinator (outside of the agency authorized capability). Any request sent directly to the Technical Specialist will be rerouted to the TSN Coordinator.

(1) Create TSN Request Record. The TSN Coordinator will create a record for TSN only cases utilizing the agency authorized capability. Refer to the Resource Page for details on using the agency authorized capability.

(2) Review TSN Request. The TSN Coordinator will review the request to verify the request is specific and identifies what aspects of the proposal need to be evaluated. If the request doesn't clearly identify what is to be evaluated, the TSN Coordinator will contact the requestor for clarification.

(3) Receipt Confirmation of TSN Request. The TSN Coordinator must inform the requestor the TSN request has been received.

b. Coordinate TSN Request. All requests should be coordinated between the TSN Coordinator and the Technical Supervisor/Lead.

(1) Review Scope of Request. The scope of the request should be reviewed by the TSN Coordinator and the Technical Supervisor/Lead to identify requirements and resources necessary to complete the TSN by the requested due date.

(2) Assign Technical Specialist. The Technical Supervisor/Lead will assign a Technical Specialist to perform the TSN review. In situations where multiple Technical Specialists are needed for the TSN review, the Technical Supervisor/Lead will assign a primary individual to lead the TSN review. The CMO must not reject a request due to the lack of resources or expertise without elevating the request by following the procedures on the resource page.

c. Communicate with Requestor. The Technical Specialist should communicate with the requestor early in the TSN process. This communication is beneficial because it helps ensure that both parties are in agreement regarding the scope of the effort, and it helps in establishing expectations of the parties regarding the process.

d. TSN Request Documentation. The TSN Coordinator must document receipt of TSN Requests and confirmation of requests in the technical case file (see paragraph 6.7. for creating a technical case file).

e. Monitor TSN Requests. The TSN Coordinator will provide oversight of the established timeline for all requests, including approval status and final submittal of TSN reports. The TSN Coordinator will:

(1) Track dates associated with receipt of TSN, date Technical Specialist acknowledges the TSN request, agreed to due date, and date the final report was sent to the requestor, and

(2) Provide information to internal/external customers on CMO's TSN status when requested.

6.3. REVIEW TSN REQUEST. TSN requests are reviewed for completeness and adequacy of documentation. The review of the provided documentation allows the Technical Specialist to develop a technical approach to support the request, and to provide the requestor with an acknowledgement.

a. Scope Review. The Technical Specialist will verify that the overall technical scope of the proposal agrees with, and complies with the terms/conditions of the requirements as defined in the SOW/SOO. In situations where the request identifies areas not found in the SOW/SOO, the Technical Specialist will inform the requestor. If the scope differs from requirements and the Technical Specialist is unable to resolve the discrepancy, the Technical Specialist will document the issue in the final report. If significant, notify the requestor as soon as possible and request direction on how to proceed.

b. Proposal Adequacy for TSN. The Technical Specialist will perform proposal adequacy, for TSN Only requests, using the form/checklist located on the Resource Page. The Technical Specialist will document the results of the proposal adequacy review and actions taken to resolve inadequacies in the case file (see paragraph 6.7. for creating a technical case file).

c. Proposal Package Completeness. The Technical Specialist will review the proposal package for completeness. The appropriate supporting documentation should accompany the TSN request (e.g., proposal, RFP, SOW/SOO, WBS or any supporting documentation necessary to initiate the analysis). If pertinent documentation is missing, the Technical Specialist will request the documentation from the requestor. In situations where the information is not provided, the Technical Supervisor/Lead will determine how to resolve this issue on a case by case basis. The Technical Specialist will include all correspondence and information received in the case file (see paragraph 6.7. for creating a technical case file).

d. Technical Approach. The Technical Specialist should discuss the technical approach that will be taken to evaluate the proposal with the Technical Supervisor/Lead. It is encouraged that the Technical Specialist utilize the CPRG to help develop the technical approach. The TSN report should include an Executive Summary with tabular summary of technical analysis results and recommendations, and sampling techniques if used.

e. Deviation from Original Request. Any agreed to deviation from the original request must be documented in the acknowledgement letter/email.

f. Send Acknowledgement of TSN Request.

(1) When only one Technical Specialist is assigned to perform a TSN review, the Technical Specialist will send an acknowledgement letter/email accepting the scope of work and agreed to due date to the requestor and TSN Coordinator.

(2) When more than one Technical Specialist is assigned to perform a TSN review, a primary individual will coordinate with the other Technical Specialists and send an acknowledgement letter/email accepting the scope of work for all the Technical Specialists and agreed to due date to the requestor and TSN Coordinator.

(3) Technical Specialist will document acknowledgement in the case file (see paragraph 6.7. for creating a technical case file).

6.4. PERFORM TECHNICAL PROPOSAL ANALYSIS. The objective of technical proposal analysis is to determine the need for, and reasonableness of, proposed resources to satisfy the contract requirements.

a. Proposal Walk Through. It is recommended, particularly for complex proposals, that a proposal walk through be requested from the contractor. The Technical Specialist should coordinate this review through the requestor and all proposal review team members should be invited to participate.

b. Data Review. The Technical Specialist must perform a review of the contractor data provided to support the rationale and estimates within the proposal IAW FAR 15.404-2, "Data to support proposal analysis." This review should allow for adequate time to request additional details from the contractor. Per local guidance, the Technical Specialist may request needed data either during fact-finding session with the contractor or via a RFI submittal (see paragraph 6.4.b.(2)).

(1) Fact Finding. When fact-finding sessions are used, they should be coordinated with the contractor POC and the requestor should be informed. Other proposal evaluation team members should be invited, as appropriate. Following the meeting, ensure that any pertinent information provided by the contractor is documented in a memorandum for record or similar means. The minutes and action items should also be sent to the contractor representative to

make sure there are no disagreements relative to what information was provided and/or to document what additional information needs to be provided.

(2) RFI. When RFIs are used, the requestor or local guidance should dictate the appropriate method. The requestor should be copied on all RFIs.

c. Technical Analysis. The Technical Specialist must address all areas identified in the TSN request and agreed to in the acknowledgement letter/email. The Technical Specialist is encouraged to utilize the CPRG to identify various analysis techniques. Technical analysis of proposals must be performed IAW FAR 15.404-1(e), “Technical analysis.”

(1) Estimating System Deficiencies. If, during evaluation of a proposal, any significant estimating system deficiencies are identified IAW DFARS 215.407-5-70(d)(1), “Reporting of findings”, the Technical Specialist will notify the cognizant ACO in writing and document this information in the TSN report.

(2) Analysis and Recommendations. Analysis and recommendations should be based on facts and quantitative data except in rare circumstances such as when cutting edge technology or other factors are involved. “Engineering judgement” is generally not a valid rationale by either the contractor or the Technical Specialist for the purpose of supporting a position. No requirement exists to complete a 100 percent analysis on all proposed data. When a large volume of data exists, such as a large Bill of Materials, it is at the discretion of the Technical Specialist to conduct sampling or other means to develop the government recommended positions. Sampling size should be adequate to allow for valid justification and defense of recommendations.

(3) Perform Technical Analysis of Proposed Direct Materials. The analysis should verify that the materials meet the requirements as established by the RFP and any other requirements documents. There may be a factor for yield (allowable), which should be justifiable and reasonable.

(a) Verify the Proposed Part Numbers. The part numbers proposed should match the part numbers on the engineering drawing and other supporting documentation. Similar to parts may be used for estimates where no history exists and similarity can be verified. As with all aspects of the proposal, verify that there is no duplication of part numbers.

(b) Verify Kind/Type Material. Ensure material type proposed is directly required in the making of the final product.

(c) Verify the Quantity of Materials. The quantity of materials required should match the proposed materials and the supporting documents.

(4) Perform Technical Analysis of Proposed Direct Labor. A Basis of Estimate should be provided by the contractor to substantiate each line item of direct labor in the proposal. Factors cited should not be accepted by the analyst without valid justification. Verify that the

proposed labor meets, but does not exceed, the requirements as established by the RFP and any other requirements documents.

(a) Analyze Labor Hours. Always ensure that the periods of performance are consistent and correct. Check for duplication of tasks by more than one person, and eliminate any redundancy in tasks being proposed. Complexity and other factors should be explained within the proposal and supporting documentation. Verify the contractor's estimating methodology is reasonable and appropriate (i.e., historical averages versus learning curve).

(b) Verify Labor Categories. Ensure that the appropriate categories and/or skill levels are proposed.

(5) Perform Technical Analysis of Proposed Other Direct Costs (ODCs). ODCs are those identified specifically with a particular final cost objective other than direct labor and direct materials and may include such costs as travel, special tooling and test equipment, computer services, etc. Verify that the proposed ODC meets, but does not exceed, the requirements as established by the RFP and any other requirements documents. Evaluation of travel is typically the primary focus of ODCs. When evaluating travel, the Technical Specialist should review the number of trips proposed, length of trips, the locations, and whether the appropriate personnel are involved. Electronic forums such as Audio and Video Teleconferences should be recommended as alternatives, when applicable. Ensure that each ODC is used only on the proposed effort and will not be utilized on other contracts.

(6) Evaluation of Cost Estimating Relationship (CER). During the technical analysis, the proposal may cite CERs.

(a) Verify CER Validity. The Technical Specialist in coordination with the requestor/CPA, should ensure that all CERs cited in the proposal have been evaluated previously and that DCMA is in agreement with the contractor's method of developing the CERs. Local policy and guidance must determine tracking of the CERs. When the CERs have not been previously reviewed and agreed upon by DCMA, the specialist must treat the CER as if it were being proposed discretely and all accompanying support documentation must be provided by the contractor and analyzed.

(b) Verify CER Applicability. The specialist, in coordination with the requestor/CPA, should evaluate the applicability of the use of the CER in the proposal being reviewed.

(c) Verify CER Currency. In addition, the CER should be relatively current with the evaluation having been completed within the past 2 to 3 years as a rule of thumb, depending on program changes and validity of data previously used. There is no mandatory expiration date on such evaluation. The Technical Specialist should take into consideration the age of the data used for the evaluation and whether any significant program changes have occurred which may invalidate the CER methodology.

(7) Profit Determination. Assist with determination of an appropriate profit rate through the weighted guidelines method or alternate structured approach IAW DFARS 215.404-4, “Profit,” DFARS 215.404-70, DD Form 1547, “Record of Weighted Guidelines Method Application,” and DFARS 215.404-71, “Weighted Guidelines Method,” as requested by the requestor. This is accomplished by assessing performance and technical risk as well as evaluating technical cost efficiency initiatives that would factor into the application of any cost efficiency factor adjustments.

(8) Due Date Extension Request. Typically, extensions are requested due to unplanned RFIs, unresponsiveness from the contractor and scope changes. If an extension to the agreed upon due date is required, the Technical Specialist will coordinate the extension with the Technical Supervisor/Lead using the agency authorized capability. The rationale must be documented. The extension must also be agreed to by the requestor and documented. Identify all acknowledgement and extension dates in the pricing case report.

d. Case File Documentation. The Technical Specialist must document working papers consistent with the technical case file index (available on the Resource Page).

6.5. PREPARE TSN REPORT. The Technical Specialist must prepare a TSN report incorporating the findings and recommendations of all proposal areas requested, to include recommendations and supporting analysis from all necessary functional areas (e.g., engineering, manufacturing, quality, and software) as required by the request and identified in the acknowledgement letter/email. Generic statements should be avoided. The Technical Specialist must identify what they reviewed based on the TSN request and the methodology/technique used during their analysis to support the Technical Specialist’s recommendation.

a. Report Format. The Technical Specialist must follow the local CMO procedures for TSN report formatting. If one does not exist, the TSN Report Template on the Resource Page may be used. At a minimum, the Technical Specialist must include the:

- (1) Proposal Description and Number.
- (2) Analysis Requested.
- (3) Executive Summary with tabular summary of technical analysis results and recommendations.
- (4) Background of product or service being procured.
- (5) Scope and Limitations of the TSN Analysis.
- (6) Detailed results by Proposal Elements to include:
 - (a) Proposed information (contractor’s estimate).
 - (b) Analysis and results leading to Technical Specialist’s position.

- (c) Recommended government position.
 - (7) Documents/Reference Material used in Technical Specialist's analysis.
 - (8) Offer to support negotiations.
 - (9) Restrictions.
 - (10) Signature block.
- b. Document Deviations from Request. The technical specialist must document any agreed to deviations from the original request.
- c. Document Estimating System Deficiencies. TSN report must describe the deficiencies in sufficient detail IAW DFARS 215.407-5-70(d)(1), "Reporting of findings."
- d. Apply Proper Markings. All technical reports and other relevant documents containing government or contractor proprietary data must be properly marked and/or protected as required by law and regulation (see Section 3) to include the use of For Official Use Only. See TSN Report Template on the resource page for the minimally-required markings.
- e. Consolidate Report. The primary individual will coordinate with all applicable functional areas to obtain Technical Specialist written detailed results for each assigned element. The primary individual will consolidate inputs into one comprehensive report.
- f. Prepare Case File for Review. The Technical Specialist should assemble the case file prior to the review and approval process (see paragraph 6.7. for creating a technical case file).
- g. Submit Report for Review. The Technical Specialist or the primary individual will submit a draft TSN report that incorporates the analysis and technical recommendations to the Technical Supervisor/Lead for review and comment as appropriate.
- h. Review TSN Report and Technical Case Files. The Technical Supervisor/Lead will review the draft TSN Report and Technical Case Files and provide feedback/recommendations as required to the author of the TSN report.
- i. Sign and Approve Reports. All reports must be signed by a Technical Specialist and reviewed, approved, and signed by the Technical Supervisor/Lead (physically or electronically). Review, approval, and signature of the Technical Supervisor/Lead signifies that the report's contents meet all of the policy requirements and all the requirements of the TSN request identified in the acknowledgment letter/email.
- (1) If a technical lead or acting technical lead prepares the TSN report, the final approval signature must be at least one level above the technical lead.

(2) For internal purposes, to facilitate schedule, the report can be unofficially provided to the requestor for incorporation in the cost and pricing analysis report. The CPA should not release the pricing report to the customer prior to review and approval of the TSN report.

j. Submit Report. The Technical Specialist will send the TSN report and supporting documentation to the requestor.

k. Report Documentation. The Technical Specialist should ensure the signed approved report is in the technical case file.

l. Close TSN Technical Case File. The Technical Specialist will close completed cases in the agency authorized capability for managing pricing and technical pricing support (Information provided on the Resource Page).

6.6. PROVIDE NEGOTIATION SUPPORT. When requested, the Technical Specialist must support negotiations. Support requests may originate within DCMA, or may be generated externally, such as from an external contracting officer within a program office. Ad hoc support (i.e., further explanations), in specific areas, may be requested of the Technical Specialist who completed the analysis. Time consuming or more extensive negotiation support requests that would impact workload should be routed in the same manner as a TSN request.

6.7. COMPLETING TSN SUPPORT. The technical case file must contain all documents and correspondence used, or referenced in the response to the requestor of the technical pricing assistance. The case file must include a completed Case File Documentation Checklist and a Case File Index located on the Resource Page.

6.8. RECORDS MANAGEMENT. Reference paragraph 3.5. for record management requirements applicable to this section.

SECTION 7: COMMERCIAL ITEM SUPPORT

7.1. OVERVIEW.

a. Commercial Item Support entails providing recommendations to contracting officers on whether an item or service proposed by a contractor as commercial meets the FAR definition of a commercial item and/or whether the proposed price is fair and reasonable.

b. Leveraging information from previous evaluations for the same or similar items is required to ensure consistency and can help to streamline the current evaluation. The Commercial Item Database contains information on items reviewed and/or determined commercial. Refer to the Resource Page for more information about the Commercial Item Database and the database link.

c. This Section provides the processes for DCMA Commercial Item Support using the guidance found in the following:

(1) FAR 2.101, “Definitions,” Commercial Item, sets forth the conditions that must be met by a product or service in order to be acquired using the Commercial Item procedures of FAR Part 12, “Acquisition of Commercial Items.”

(2) DFARS 212.1, “Acquisition of Commercial Item – General,” is regulation for the acquisition of Commercial Items. See PGI 212.1 for procedures, guidance, and information.

(3) DoD Guidebook for Acquiring Commercial Items, see link on Resource Page.

d. Types of support.

(1) CID assistance (recommendation of commerciality).

(2) Commercial Item Pricing assistance.

(3) CID and Pricing assistance.

(4) Commercial Early Acquisition Engagement (reference Section 8).

7.2. RECEIVING COMMERCIAL ITEM SUPPORT REQUESTS.

a. Requests for support can be received by the CIG or by CMOs via email or the agency authorized capability.

b. The Pricing Supervisor/Lead will assign the case to the appropriate CPA, and notify the requestor DCMA has received request. The CPA will engage engineering to determine if technical support is required. The Engineering Supervisor/Lead will assign a technical specialist when required. Certain requests may require technical support only (pricing assistance not required), in such cases, the request may be routed directly to engineering, and the requestor notified by the Engineering Supervisor/Lead.

(1) Technical assistance is required for most commerciality assessments. The CPA will discuss the type and scope of support with the Technical Specialist. Technical assistance may not be required if the item is Commercial Off the Shelf in substantial quantities, if a valid CID exists, or if technical review of the item(s) has already been conducted.

(2) Technical assistance to support price reasonableness recommendations may also be requested. Within the CMO, the request will be routed through the TSN Coordinator using the agency authorized capability (see paragraph 7.2.c). Within the CIG, the request will be routed through the Engineering Supervisor/Lead.

c. The CPA will create a CID case, and technical request (when required) in the agency authorized capability. If the case is routed directly to engineering, Engineering Supervisor/Lead (CIG) or TSN Coordinator (CMO) will create the CID case in the agency authorized capability.

7.3. COMMERCIAL ITEM SUPPORT PACKAGE REVIEW.

a. Review the package to determine if information provided is sufficient enough to start review.

(1) Commercial Item support requests are reviewed by the CPA and/or Technical Specialist to determine if sufficient information has been provided to accept the request and start the review. Commercial Item checklist can be used as a guide and is available on the Resource Page, to record information and data received in the package. If significant deficiencies are found, notify the requesting office and ACO.

(2) The appropriate supporting documentation should accompany the Commercial Item support request (e.g., Commercial Item assertion, prime CID, proposal, RFP, performance specifications, National Stock Number, SOW/SOO, previous CID). The data required may vary from case to case. Enough data must be provided to uniquely describe the item/service, including part number and nomenclature. The assigned individual should be able to determine what information is required to begin an analysis.

(3) If the commercial package does not uniquely describe the item/service, notify the requestor to determine course of action. After notification, the assigned individual should try to obtain any missing pertinent documentation and/or data using Government and secondary sources per the Commercial Item Desk Guide on the Resource Page. If the assigned individual has exhausted all resources, they can request information from the contractor directly. If the contractor does not provide the information, the assigned individual must communicate with the customer, Pricing Supervisor/Lead, and CIG, to resolve the issue and decide on path forward. Document in the report and implement decision.

b. After obtaining information to uniquely identify the item/service, check the Commercial Item Database. If the package identifies a prior determination, obtain a copy. Provide to the customer and the CIG. See the Resource Page for information on the Commercial Item Database and on obtaining copies of prior determinations.

c. A prior CID made by a DoD contracting officer should serve as a determination for subsequent procurements of the same item or service.

(1) If the PCO/buying command requests that DCMA continue with the review, the prior CID notwithstanding, the report must contain a statement about the existence of the prior CID.

(2) CMOs must consult with the CIG to determine path forward on requests for commerciality reviews which have prior determinations.

d. Determine if the Contractor has a Commercial Item Memorandum of Agreement (MOA) with DCMA. If so, review submitted package for compliance, and adhere to the terms of the MOA. If the package does not comply, request the missing information from the contractor (see the Resource Page for a list of contactors that have MOAs with DCMA).

e. Foreign Contractor Requests. See Resource Page for guidance/information.

7.4. COMMERCIAL ITEM SUPPORT CASE ACKNOWLEDGEMENT.

a. Once the assigned individual has determined that they have received sufficient information to start the review, they should contact the requestor and discuss the scope and due date. After the assigned individual and requestor have agreed on a due date and scope, the assigned individual will provide a written acknowledgement to the requestor. Communication with the requestor should happen early and often.

b. If an agreement cannot be reached on the due date and/or scope, notify the Team Supervisor/Lead. The assigned individual, Supervisor/Lead, and the requestor will then discuss options for obtaining the support required to meet the requestor's need-by date.

7.5. COMMERCIALITY REVIEW SUPPORT.

a. Commerciality Analysis. The objective of commerciality analysis is to develop recommendations on whether a product or service asserted to be commercial under one or more paragraphs of the FAR 2.101, "Definitions of Commercial Item," meets that definition.

b. Commercial Item Assertion Package. For particularly complex assertion packages the assigned individual may contact the requestor to set up a walk through with the contractor. If performed, the walk through should be done as early as possible within the commerciality analysis process and all assigned team members should be invited to participate.

c. Market Research. The assigned individual will perform market research to obtain additional information and to find relevant items/services available in the commercial market place. See DPC and Resource Page. The market research hierarchy is as follows:

(1) Check Government Resources. The assigned individual should consult with cognizant CMO Specialists, ICATs and other government agencies such as NASA, Federal

Aviation Administration or a Program Office to obtain additional information required for the Commercial Item analysis.

(2) Check Secondary Resources. The assigned individual should use various resources (websites, catalogs, journals) to obtain additional information to support the request. Secondary resources can be found on the Resource Page.

(3) Fact Finding. When fact-finding with contractor, sessions should be coordinated with the requestor.

(4) Contractor RFI. When RFIs are used, the requestor or local guidance should dictate the appropriate method. The requestor should be copied on all RFIs.

d. Commercial Item Analysis. Analysis must be consistent with the requestor's request. The assigned individual must address all needs in the Commercial Item support request and agreed to in the acknowledgement letter/email. The assigned individual is encouraged to utilize the DPC Handbook and CIG Resource Page.

(1) Analysis and Recommendations. Analysis and recommendations should be based on facts and quantitative data except in rare circumstances, such as when cutting edge technology or other factors are involved. "Professional judgement" is not generally a valid rationale by either the contractor or the assigned individual. In situations where a request requires a recommendation prior to receiving necessary information, the assigned individual may use "professional judgement" based on the information available at the time as long as the information and assumptions used are identified in the report. If additional information is received after submitting the report that could impact the prior recommendation, the assigned individual should contact the customer for the next course of action.

(2) Commerciality Recommendation. The assigned individual will assess commerciality based on items/services being procured compared to similar items that are commercially available.

e. Due Date Extension Request. If an extension to the agreed upon due date is required, the assigned individual will coordinate the extension through their Supervisor/Lead using the agency authorized capability, and with the requestor. The extension must be agreed to by the requestor and documented.

7.6. COMMERCIAL ITEM PRICING SUPPORT.

a. Price analysis based on commercial market prices (market quotes and sales) is the most effective method of establishing price reasonableness. Sources such as available commercial market quotes, sales, published catalogs or prices, etc., can often be obtained through market research and can provide a basis for establishing fair and reasonable prices.

b. The analyst may use various price analysis techniques and procedures to ensure a fair and reasonable price. Examples of such techniques include, but are not limited to the techniques in FAR 15.404-1, "Proposal Analysis Techniques."

c. There are other factors that must be considered when reviewing prices of commercial items:

(1) Terms and conditions.

(2) Certified cost and pricing data requirements, in instances of modifications per FAR 15.403-1(c)(3)(iii).

(3) Market research as per FAR Part 10, "Market Research."

(4) CID database for prior reports; if no history exists, identify this in the report.

d. If an extension to the agreed upon due date is required, the assigned individual will coordinate the extension through their Supervisor/Lead with the requestor. The extension must be agreed to by the requestor and documented.

7.7. PREPARE COMMERCIAL ITEM SUPPORT REPORT. The assigned individual must prepare a well-documented Commercial Item Support report using the templates on the Resource Page, unless a different format is agreed to with the customer.

a. Proper Markings. All pricing reports and other relevant documents containing government or contractor proprietary data must be properly marked and/or protected as required by law and regulation (see Section 3).

b. Document Deviations from the Original Request. Document any agreed to deviations from the original request and provide a synopsis of any attempts at resolution.

c. Price Analysis Report. The CPA must identify what was reviewed based on the Commercial Item Support request and the methodology/technique used during the analysis to support the price recommendation. The CPA must use the Commercial Price Analysis Report Template located on the Resource Page unless a different format is agreed to with the customer.

d. Technical Analysis Report. The report must include what data was reviewed based on the Commercial Item Support request and the method/technique used to support the Technical Specialist's recommendation. The Technical Specialist must use the Commercial Technical Analysis Report Template located on the Resource Page.

e. Draft Report for Review. The assigned individual will submit a draft report incorporating the analysis and recommendations to the assigned individual's Supervisor/Lead for review and comment as appropriate. It is also highly encouraged the report go through a cross functional peer review.

f. Review and Approval of Report and Case Files. The assigned individual's Supervisor/Lead will review the draft report and case files and provide feedback/ recommendations as required. In situations where the Supervisor/Lead, or a higher-level individual, performs the analysis and prepares the report, approval must be obtained at least one level higher than the preparer.

g. Signed Report. All reports must be signed by the assigned individual and reviewed, approved, and signed (physically or electronically) by the assigned individual's Supervisor/Lead. Review, approval, and signature of the assigned individual's Supervisor/Lead signifies that the report's contents meet all of this policy's requirements and all the requirements of the Commercial Item support request identified in the acknowledgment letter/email.

7.8. COMPLETING COMMERCIAL ITEM SUPPORT. The assigned individual will document and maintain the information used in the analysis. The case file must contain all documents and correspondence used, or referenced in the response to the requestor of the commerciality review. The case file must include a completed Case File Documentation Checklist and a Case File Index located on the Resource Page.

a. Submission of Report. The assigned individual will send the report and attachments to the requestor. If the report is submitted by a CMO, a copy must also be provided to the CIG via the link on the Resource Page.

b. Closure of Commercial Item Support Case File. Cases will be closed in the agency authorized capability.

c. PCO Determinations. The assigned individual must request a copy of the PCO's CID. Upon receipt, the CID should be uploaded to the CIG database. See Resource Page for submission instructions.

7.9. RECORDS MANAGEMENT. Reference paragraph 3.5. for record management requirements applicable to this section.

SECTION 8: EARLY ACQUISITION ENGAGEMENT

8.1. OVERVIEW. The primary goal of Early Acquisition Engagement is to share DCMA working knowledge, insight, and data, on significant DoD acquisitions and programs, to successfully assist other agencies in their acquisition planning efforts. This is accomplished by facilitating the analysis of program and cost risk, which results in improved RFPs. Improved RFPs lead to more effective, clearly understood contracts, efficient contract management and oversight.

8.2. PERFORMANCE OF EARLY ENGAGEMENT. Information supporting this Manual Section is posted on the Resource Page. The information is designed to assist DCMA in determining when and how to engage with customers early in the acquisition planning process.

8.3. COST AND PRICING CENTER NOTIFICATION FOR PROPOSALS EXPECTED TO EXCEED \$250 MILLION. Non-ICAT CMOs should notify the Director of Proposal Pricing of proposals expected to exceed \$250 million as soon as the requirement is known. This notification will allow for sufficient planning and strategy development in advance of receiving an official request for field pricing assistance. Include the following information in the notification: contractor/subcontractor name and CAGE code; program name, including any specific designators (e.g., stage of development or production, including lot number, if applicable); estimated dollar value of the proposal, expected proposal receipt date; and contact information for the pricing lead, CMO Contracts Director, and Region Contracts Director. Send the notification to the Cost and Pricing Center inbox as identified on the Resource Page.

SECTION 9: PREAWARD SURVEYS

9.1. OVERVIEW.

a. This Section provides direction for PASs and Qualification Requirements. FAR Subpart 9.1, “Responsible Prospective Contractors,” FAR 9.2 “Qualifications Requirements,” and FAR 42.302(a)(32), provide the authority for Preaward Surveys. FAR 42.302(a)(67) and DFARS 242.302(a)(67), provide the authority for qualification requirements for pre-contractual efforts leading to a solicitation or award.

b. PAS.

(1) A PAS is an evaluation of a prospective contractor’s capability to perform a proposed contract (FAR 2.101).

(2) Execution types of PASs include the following (reference Resource Page for additional information):

- (a) Formal.
- (b) Capability Studies/ General Survey.
- (c) Onsite Surveys.
- (d) Short Form.
- (e) Informal.

(3) The PAS process.

(a) DCMA receives requests through the agency authorized capability for requesting a PAS as identified on the Resource Page.

(b) CMOs receiving eight or more requests per year must designate a primary and alternate PASM.

1. For CMOs that do not meet the criteria, the PASM geographically closest to offices will process/manage the survey requests.

2. For the Special Programs Directorate, the customer Liaison Representative or designee will act as the PASM for the Directorate.

(c) The PASM must designate an accessible location for general correspondence and the PAS log as identified in the PAS section on the Resource Page.

(d) The PASM must document prospective contractor debarment status IAW FAR 9.405 and DFARS 209.405, "Effect of listing."

(e) Each CMO must establish a management review process of specialists' reports prior to submitting to the PASM.

9.2. ADMINISTRATIVE PROCEDURES AND EXTERNAL SUPPORT.

a. User System Access. Internal and external users will gain access to the agency authorized capability IAW the process identified on the Resource Page.

b. External Agency Support. DCMA relies on support from external agencies to provide expertise on Security, Accounting Audits, and Small Business matters.

(1) Defense Security Service (DSS). DSS is the designated agency to perform the security mission and is responsible for assessing the Security Factor and providing documented results to the PASM.

(2) DCAA. The DCAA is responsible for conducting accounting system audits IAW their policy and regulations and providing a report to the PASM.

(3) Small Business Administration (SBA). The SBA is responsible for validating that the prospective offeror has received preferential treatment on an ongoing contract IAW Section 637 of Title 15, United States Code (U.S.C) or has received a Certificate of Competency during the last 12 months.

9.3. RECEIPT AND REVIEW OF REQUEST.

a. PAS Request. The PASM will receive and review the PAS request including any additional information indicating prior unsatisfactory performance provided by the procuring office for adequacy and completeness IAW FAR 9.106-2.

(1) The PASM will ensure that the appropriate type of survey has been requested by the requestor. If the PASM determines that a different type of survey is more appropriate in meeting the requestor's objective, the PASM will make the recommendation to the requestor. Refer to the Resource Page for survey type determination. After ascertaining that the PAS Package is adequate, the PASM will assign the request to the Technical Specialist(s) identified by the relevant supervisor(s). The assigned Technical Specialist(s) will receive their section of the PAS request through the agency authorized capability for preaward surveys. Special Programs Technical Specialist(s) will receive their section of the PAS request from the Special Programs Customer Liaison Representative or designee.

(2) Upon receipt and review of the PAS package/request, the PASM will contact the requestor to clarify requirements and scope of the survey.

(3) The PASM will collaborate with the requestor and the assigned DCMA functional specialist on establishing realistic PAS completion expectations based on the scope of the requested PAS. If the due date is not realistic based on the scope, complexity, or logistics, the PASM must negotiate a revised due date IAW DFARS PGI 209.106. This revised due date should be negotiated at the earliest possible date, and preferably during the initial discussion with the requestor. Initial and revised due dates for secondary surveys must be negotiated through the Prime PASM. Every effort should be made to comply with the requestor's desired schedule.

(4) If the PAS request falls under the SAT or will involve the acquisition of commercial items (see FAR Part 12, "Acquisition of Commercial Items"), the Contracting Office should not request a PAS unless circumstances justify its cost. This can be negotiated between the Contracting Officer and PASM at the time of request and justification must be provided in writing. This Section is not applicable when the solicitation requires ammunitions and/or explosives. See DFARS 252.223-7002 and DFARS 252.223-7003.

(5) An on-site survey must always be performed when it involves NASA and Navy Nuclear/Level 1 Subsafe requirements, regardless of the dollar value.

(6) The PASM will ensure requests received outside of the agency authorized capability are within the DCMA mission and the Buying Office is listed on the DCMA Customer Base. Direction will be obtained from Workload Acceptance on questions regarding the validity of an external customer or clarification of work performance. Additionally, the PASM will contact the requestor to provide direction on accessing the agency authorized capability.

(7) Before beginning a PAS, the PASM ascertains whether the prospective contractor is debarred, suspended, or ineligible IAW FAR Subpart 9.4, "Debarment, Suspension, and Ineligibility." If the prospective contractor is debarred, suspended, or ineligible, the PASM will advise the Contracting Office immediately and not proceed with the PAS unless specifically directed in writing by the Contracting Office IAW FAR 9.106-1(c).

(8) If the Contracting Office requests to participate in the survey, the PASM must clearly define DCMA's role as the lead in the PAS activity (DFARS PGI 209.106-2, "Requests for preaward surveys"). The PAS Team Leader will be the POC, and coordinate communication with the Contracting Office regarding their participation in the PAS.

(9) Verify a unique Serial Number (S/N) was assigned in the agency authorized capability. The S/N will be a part of the report that is submitted to the customer. Special Programs will assign and track customer PAS requests outside the agency authorized capability and IAW internal tracking procedures.

(10) The PASM must maintain a log for all PAS efforts. The log will serve as a backup in case of system failure, and serves the PASM in maintaining visibility of their survey effort at a granular level. This log should consist of PAS S/N, solicitation, requesting activity, Department of Defense Activity Address Code (DoDAAC), bid package received date, request date, received date, date acknowledged, distribution date, requested date of return, actual return date, negotiated date, reason for negotiation, date of request for negotiation, recommendation, dollar value,

contractor, city, state, CAGE Code, PAS Team Leader, factors due and returned dates, notes, type, kind, status, teams, POC, phone number, and email.

(11) In certain instances, a complete analysis may not be possible, and the report may have to be qualified by basing the recommendation on the data acquired in the time allowed. The PASM will solicit an agreement with the requestor to provide supplemental data, such as accounting and financial information at a later date. The PASM will be responsible for coordination, as appropriate, and forwarding of any supplemental data.

(12) Other Requests. DCMA receives precontractual requests to examine and test products for compliance with specification requirements in order for potential contractors/manufacturers/suppliers to be qualified and listed on the QPL, QML, and QSL. When requested by a DoD activity, QPL, QML, and QSL qualification/testing must be accomplished IAW the instructions received.

(a) DoD customer requests for QPL, QML or QSL must be completed through the agency authorized capability. Instructions for using the agency authorized capability are located on the Resource Page.

(b) If the request is received outside of the tool, the PASM will contact the customer to provide direction on the use of the agency authorized capability.

(c) The PASM will ensure the requestor understands realistic PAS completion expectations based on the scope of the requested PAS. If the due date is not realistic based on the scope and complexity, the PASM must negotiate a revised due date accordingly (DFARS PGI 209.106-2(5)). This revised due date should be negotiated at the earliest possible date, and preferably during the initial discussion with the requestor. Initial and revised due dates for secondary surveys must be negotiated through the Prime PASM. At all levels, every effort should be made to comply with the requestor's desired schedule.

b. Financial Capability.

(1) When the CMO PASM has received a PAS request that includes the assessment of the Financial Capability factor, the CMO PASM will accept the PAS and the FCG is automatically notified via e-mail that the PAS request requires action by the FCG.

(2) The FCG supervisor will assign the request to the Financial Analyst.

(3) The supervisor and/or Financial Analyst will negotiate a suspense date with the CMO PASM in the instance that the provided date cannot be met by the analyst.

9.4. EXECUTION OF PREAWARD SURVEY.

a. PASM.

(1) After ascertaining that the survey request is adequate, the PASM will assign the request to the Technical Specialist(s) identified by the relevant supervisor(s). With the exception of Special Programs, the assigned Technical Specialist(s) will receive their section of the PAS request through the agency authorized capability.

(2) As required, the PASM appoints a PAS Team Leader for each PAS.

(3) The PASM must send the complete PAS package to the assigned Technical Specialist.

(4) The CMO PASM will obtain and send to the FCG supporting documentation related to the PAS request (such as the solicitation) when requested by the FCG.

(5) The PASM must inform supporting specialists that DCMA's mission does not include assessment of the industrial security factor OCONUS environment.

(6) Select a General Purpose/Capability Study as the survey type, if the requestor has not done so already, and Quality as the applicable factor for all 'Other' type of survey requests (e.g., QPL, QML, QBL, and QSL qualification/testing).

(7) Assign the factor to the appropriate Technical Specialist for all 'Other' type of survey requests (e.g., QPL, QML, QBL, and QSL qualification/testing).

b. PAS Team Lead.

(1) Coordinate efforts to be conducted with other Technical Specialists, as required.

(2) Ensure that all Technical Specialists have a clear understanding of the requirements.

(3) Request clarification from the CMO PASM when requirements are not clearly understood by any member of the team.

(4) Host a pre-evaluation meeting with the PAS team. This can be conducted by telephone and if necessary, the PASM may also attend. At a minimum:

(a) Discuss scope of survey to include factors, customer specific requirements, solicitation, and any uniqueness.

(b) Establish each member's area of responsibility.

(c) Advise members that at no time must they pre-empt the onsite survey through discussions with the prospective contractor.

(d) Advise team that any questions regarding the solicitation or PAS should be directed to the buying activity through the PASM. Direct contact with the buying activity must not occur unless specified by the respective CMO PASM.

(e) Remind team of their authority to ask any questions which they deem pertinent to the solicitation requirements.

(f) Advise team members not to discuss the findings of the on-site meeting with the prospective contractor (FAR 9.105-3, "Disclosure of Preaward Information").

(g) Collect checklists/questionnaires from Technical Specialists and forward to prospective contractor to prepare for the survey meeting. Standard Forms (SF) 1403, "Preaward Survey of Prospective Contractor – General," SF 1404, "Preaward Survey of Prospective Contractor – Technical," and others referenced in FAR 9.106-4, "Reports," must not be sent to the contractor.

(5) Schedule the on-site visit with the prospective contractor.

(6) Facilitate the on-site meeting and ensure that all factors and other required information (customer additional requirements) are addressed.

c. Technical Specialist and/or Financial Analyst.

(1) Review the PAS requirements for their particular functional area in order to determine the effort required. If the PAS request contains clauses or requirements that are not required, notify the PASM.

(2) Coordinate through the PAS Team Lead for data requests or correspondence to the prospective contractor.

(3) Financial Analyst will contact the requestor and/or offeror directly. All other specialists will communicate to the CMO PASM through the PAS Team Leader as applicable when requirements are not clearly understood.

(4) Participate in preplanning meetings scheduled by the PAS Team Leader.

(5) Participate in the survey meeting by assessing their assigned factor.

9.5. REPORTING. The report is a summary of the offeror's ability/inability to perform IAW the requirements set forth in the solicitation. Information/guidance on report writing, interview techniques, questions, and tips can be found on the Resource Page.

a. PASM.

(1) Ensure technical adequacy of each functional report.

(2) Review the total report to ensure that a statement of supervisory review is included if required, and that all areas are addressed.

(3) Review individual functional reports to resolve any discrepancies that may exist and ensure the facts and rationale fully support the conclusions and recommendations.

(4) Rejected reports must be returned to the Technical Specialist.

(5) Evaluate each factor and indicate satisfactory/unsatisfactory based on the findings for applicable factors. If any factor has a potentially adverse bearing on another factor, an explanation should be included in the narrative detailing the interrelationship between the affected factors. A determination that any one factor is unsatisfactory must result in a recommendation for no award (FAR 9.103, "Policy").

(6) When the contractor surveyed is a small business that has received preferential treatment on an ongoing contract under Section 8(a) of the Small Business Act (Section 637 of title 15, U.S.C.) or has received a Certificate of Competency during the last 12 months, the surveying activity must consult the appropriate SBA field office before making an affirmative recommendation regarding the contractor's responsibility or nonresponsibility.

(7) Disclose previous unsatisfactory performance in the overall narrative if (e.g., engineering, inspection, or testing) it was detected. The report must ascertain the extent to which the prospective contractor plans, or has taken, corrective action IAW FAR 9.106-4(c).

(8) In the instance of primary, secondary, and streamlined survey requests, the primary PASM must ensure that issues and contradictory information are resolved before providing a final recommendation to the buying office.

(9) Complete the report in the agency authorized capability and, when applicable, provide a recommendation IAW FAR 9.106-4(a).

(10) Include the PAS serial number in the report for identification.

(11) Include all relevant supporting documentation within the agency authorized capability.

(12) Return the survey to the requestor within the agency authorized capability. Special Programs will provide a hard copy report to the requestor.

b. FCG.

(1) The FCG analyst will submit the report to the FCG PASM or alternate for review and approval.

(2) FCG PASM or alternate will review the FCG report for accuracy and completeness.

(a) Rejected reports must be returned to the FCG analyst for rework and resubmittal through the agency authorized capability.

(b) Approved reports will be forwarded to the CMO PASM through the agency authorized capability.

c. PAS Team Leader.

(1) Hold a post survey government meeting to discuss and exchange information gained during the survey.

(2) Resolve all conflicting information before finalizing the report.

(3) Complete and submit the report to the PASM using the agency authorized capability.

d. Technical Specialist and/or Financial Analyst.

(1) Draft the report, and submit it to the supervisor for review and approval, if required. A supervisory review/approval statement must be included in each report, if required.

(2) Revise and resubmit any rejected report to supervisor for review and approval, if required.

(3) Complete and submit the report to the PASM using the agency authorized capability. When applicable, provide a recommendation.

(4) Upload all relevant supporting documentation into the agency authorized capability.

e. Other Requests.

(1) The Technical Specialist will draft a report to include a summary of actions performed and, when applicable, results of testing. The report will be submitted directly to the PASM using the agency authorized capability.

(2) The PASM provides a narrative in the agency authorized capability stating the task is complete. The prospective contractor is responsible for forwarding the results to the requestor.

9.6. RECORDS MANAGEMENT. Reference paragraph 3.5. for record management requirements applicable to this section.

GLOSSARY

G.1. DEFINITIONS

Agency Authorized Capability. The IT solution required by the agency for specific processes.

Assigned Individual. The individual responsible for a specific task, such as a pricing case, technical support to negotiation, or commercial item recommendation.

Assigned Negotiator. The individual assigned to lead a negotiation delegated to DCMA. This individual may be an ACO, a Cost/Price analyst, a contract specialist, a contract administrator, or other assigned position.

Cognizant ACO. An ACO, Divisional ACO (DACO), or Corporate ACO (CACO), that possesses authority/ responsibility over the request.

Commercial Item Determination. A determination as to whether or not an item is commercial based on criteria established in FAR 2.101.

Cost Estimating Relationship (CER). A CER is a mathematical relationship that defines a cost as a function of one or more parameters (performance, technical, or operating). This technique is used to estimate various elements of cost in the planning, budgeting, and performance phases of the acquisition process.

External User. Refers to any Buying or Procurement office initiating a support request to DCMA.

Functional Specialist. Refers to an individual who's expertise (e.g., property, quality, engineering, DCAA) is sought by the assigned individual.

Internal User. Refers to a DCMA activity requesting support from another DCMA activity.

Prior CID. A commercial item determination previously made on the same item currently under review.

TSN Coordinator. The individual assigned to provide assistance to the Technical Supervisor/Lead in receiving and tracking TSN requests. TSN Coordinator responsibilities can be performed by the Technical Supervisor/Lead.

Technical Specialist. Consists of personnel from job series 1910, 1150, 0800.

TSN Only. A request for a technical evaluation only (no field pricing assistance requested).

GLOSSARY

G.2. ACRONYMS.

ACO	Administrative Contracting Officer
BoR	Boards of Review
CACO	Corporate Administrative Contracting Officer
CAGE	Commercial and Government Entity Code
CAS	Cost Accounting Standards
CCCPD	Certificate of Current Cost or Pricing Data
CER	Cost Estimating Relationship
CID	Commercial Item Determination
CIG	Commercial Item Group
CLIN	Contract Line Item Number
CMO	Contract Management Office
CPA	Cost/ Price Analyst
CPRG	Contract Pricing Reference Guide
CUI	Controlled Unclassified Information
DACO	Divisional Administrative Contracting Officer
DCAA	Defense Contract Audit Agency
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DFARS	Defense Federal Acquisition Regulation Supplement
DFARS PGI	Defense Federal Acquisition Regulation Supplement Procedures Guidance and Information
DPC	Defense Pricing and Contracting
DSS	Defense Security Service
ECARS	Electronic Contract Administration Request System
EMGC	Engineering and Manufacturing Group Chief
FAR	Federal Acquisition Regulation
FCG	Financial Capability Group
FPRA	Forward Pricing Rate Agreement
FPRR	Forward Pricing Rate Recommendation
IAW	in accordance with
ICAT	Integrated Cost Analysis Team
MOA	Memorandum of Agreement
NASA	National Aeronautics and Space Administration
NI	Negotiation Intelligence

OCONUS	Outside the Continental United Staes
ODC	Other Direct Costs
PAS	Preaward Survey
PASM	Preaward Survey Manager
PCO	Procuring Contracting Officer
PNM	Price Negotiation Memorandum
PNO	Pre-Negotiation Objectives
PNOM	Pre-Negotiation Objectives Memorandum
POC	Point of Contact
QBL	Qualified Bidders List
QML	Qualified Manufacturers List
QPL	Qualified Products List
QSL	Qualified Suppliers List
RFI	Request for Information
RFP	Request for Proposal
SBA	Small Business Administration
SAT	Simplified Acquisition Threshold
SF	Standard Forms
SOO	Statement of Objectives
SOW	Statement of Work
S/N	Serial Number
TSN	Technical Support to Negotiations
UCA	undefinitized contract action
U.S.C	United States Code
WBS	work breakdown structure

REFERENCES

DCMA Instruction 134, "Boards of Review," October 15, 2012
DCMA Instruction 2401, "Negotiation Intelligence," September 6, 2017
DCMA Manual 2501-02, "Contract Modification Actions," May 31, 2018
DCMA Manual 3301-08, "Information Security," TBD
DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
Defense Federal Acquisition Regulation Supplement (DFARS)
Defense Federal Acquisition Regulation Supplement (DFARS) and Procedures, Guidance, and Information (PGI), as amended
Federal Acquisition Regulation (FAR)
United States Code, Title 15, Section 637