



DCMA Instruction 2601 Negotiation Intelligence and Cost Evaluation

Office of Primary Responsibility	Negotiation Intelligence and Cost Evaluation Capability Board
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Approved by:	G. L. Masiello, Lieutenant General, U.S. Marine Corps, Director

Purpose: This Instruction, in accordance with the authority in DoD Directive 5105.64:

- Establishes policy and assigns responsibility for general provisions associated with the Negotiation Intelligence and Cost Evaluation Capability.
- Provides direction in fulfilling Agency responsibilities pursuant to Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplement, and DoD Grants and Agreements Regulations, Part 22 of Title 32, Code of Federal Regulations, as they pertain to the evaluation of proposals to assist with the determination of fair and reasonable prices, indirect cost rate settlements, and resolution of issues concerning cost controls on contracts.
- Establishes the policy framework for the Negotiation Intelligence and Cost Evaluation Capability with procedural manuals that document Negotiation Intelligence and Cost Evaluation processes and provide execution guidance.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

This Instruction applies to all DCMA organizational elements performing contract administration services for the DoD, other authorized Federal agencies, foreign governments, international organizations, and others as authorized.

1.2. POLICY.

It is DCMA policy to:

- a. Evaluate, make determinations, and report on the effectiveness of the contractor's policies, procedures, and practices used in controlling direct and indirect costs.
- b. Monitor and ensure the contractor's effective management of contract costs.
- c. Provide quality and timely field pricing, technical pricing, commercial item pricing, negotiation support, preaward survey, early acquisition support, and other services to support buying commands by providing acquisition insight.
- d. Execute this Instruction in a safe, efficient, effective, and ethical manner within DCMA workplaces.

SECTION 2: RESPONSIBILITIES

2.1. DIRECTOR, DCMA.

The DCMA Director will:

- a. Provide strategic guidance on Agency Negotiation Intelligence and Cost Evaluation (NICE).
- b. Approve NICE policy issuances and their changes or delegate this authority in writing.
- c. Appoint a Capability Manager(s) for the NICE Capability and issue a charter to support the cross-functional capability board.

2.2. NICE CAPABILITY MANAGER.

The NICE Capability Manager will:

- a. Serve as Chairperson of the NICE Capability Board as chartered.
- b. Serve as the Agency proponent for the NICE Capability and conduit to the DCMA Executive Council.
- c. Serve as the Office of Primary Responsibility (OPR) to develop, revise, coordinate, and maintain NICE Capability manuals, processes, and procedures to allow for consistent, standard, and repeatable work across the enterprise.
- d. Identify and develop measures, metrics, and tools to monitor NICE Capability compliance, performance, and DCMA value to mission.
- e. Establish processes for continuous improvement of the NICE Capability.
- f. Support the Agency Business Capability Framework.
- g. Assign an Action Officer(s) to serve as the Subject Matter Expert (SME) and primary focal point for NICE Capability issuances and associated resource pages.

2.3. COMPONENT HEADS.

The Component Heads will:

- a. Ensure their assigned areas of operation carry out the applicable NICE Capability processes as published in the NICE Capability manual series.
- b. Evaluate Agency operational compliance and performance related to NICE Capability processes.

- c. Support the NICE Capability continuous improvements.
- d. Provide SMEs to support the NICE Capability working groups.

2.4. CONTRACT MANAGEMENT OFFICE COMMANDERS/DIRECTORS AND CENTER DIRECTORS.

The Contract Management Office Commanders/Directors and Center Directors will:

- a. Execute and oversee their organizations' day-to-day NICE Capability processes as published in NICE DCMA Manual (DCMA-MAN) series.
- b. Evaluate their organizations' NICE Capability compliance and performance.
- c. Support NICE Capability continuous improvements.
- d. Provide SMEs to support NICE Capability working groups.

2.5. ACTION OFFICERS.

The Action Officers will:

- a. Serve as the issuance primary point of contact for their assigned issuance(s).
- b. Communicate issuance status to the OPR.
- c. Form and lead the Issuance Team to write, revise, coordinate, maintain, transfer, or cancel an issuance in accordance with (IAW) DCMA-MAN 4501-01, "Agency Issuance Program."
- d. Engage with other DCMA employees (e.g., Cross-functional and/or Operational Unit Representatives, SMEs, and Contract Management Office representatives) as required.
- e. Prepare the Internal Control Plan for the assigned issuance when required IAW DCMA-MAN 4301-11, Volume 1, "Management Controls: Managers' Internal Control Program."
- f. Prepare and submit training plan and training materials to the OPR.
- g. Monitor and evaluate issuance currency and recommend modification or cancellation to the OPR when necessary.
- h. Maintain the associated issuance resource page.
- i. Adhere to records management requirements IAW DCMA-MAN 4501-04, Volume 1, "Records and Information Management Program," and Volume 2, "Records Retention Schedule."

SECTION 3: GENERAL PROVISIONS

3.1. CAPABILITY DESCRIPTION.

The NICE Capability provides DCMA customers with comprehensive insight for understanding and managing risk, evaluating costs to assist with the determination of fair and reasonable prices, and streamlining future acquisitions. The NICE Capability ensures collaborative, repeatable, and transparent processes are employed from the preaward phase through contract closeout.

3.2. CAPABILITY ACTIVITIES.

Providing negotiation intelligence and cost evaluation to DCMA and non-DCMA requestors requires the identification of activities and the development of processes to execute those activities. More information on each of the activities is located in the respective manuals. Below is a list of the major activities and products associated with the NICE Capability:

- a. Boards of Review
- b. Commercial Item Support
- c. Conducting Boards of Review
- d. Contract Audit Follow-Up
- e. Contractor Insurance/Pension Reviews
- f. Cost Accounting Standards Administration
- g. Cost Monitoring
- h. Cost or Price Analysis
- i. Delegated Administrative Contracting Officer Negotiations of Unpriced Actions
- j. Early Acquisition Engagement
- k. Establishing Final Indirect Cost Rates, Direct Cost Rates, and Billing Rates
- l. Financial Capability Reviews
- m. Forward Pricing Rates
- n. Order Issuance Administration
- o. Over and Above Administration

- p. Overhead Should Cost Reviews
- q. Preaward Surveys
- r. Technical Support to Indirect Costs
- s. Technical Support to Negotiations

3.3. CAPABILITY PRODUCTS.

Major products associated with the NICE capability include:

- a. Adequacy and Compliance Determinations for Cost Accounting Standards and Business Systems
- b. Board of Review Recommendations
- c. Commercial Item Determinations
- d. Contract Audit Follow Up Reports
- e. Contract Modifications
- f. Contracting Officer Final Decisions
- g. Contractor Insurance/Pension Review Reports
- h. Contractor Financial Responsibility Determinations
- i. Cost Monitoring Reports and Plans
- j. Cost/Price Analysis Reports
- k. Forward Pricing Rate Agreements
- l. Forward Pricing Rate Recommendations
- m. Final Indirect Cost Rate Agreements
- n. Interim Billing Rates
- o. Issue Task/Delivery Orders
- p. Notifications to Disallow Indirect Costs
- q. Overhead Should Cost Review Reports

- r. Preaward Survey Reports
- s. Pre-Negotiation Objectives Memorandum
- t. Price Negotiation Memorandum
- u. Quick Close Out Rate Agreements
- v. Technical Support to Negotiations Reports
- w. Technical Support to Indirect Rates Reports

GLOSSARY

G.1. ABBREVIATIONS AND ACRONYMS.

TERM	MEANING
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DoDD	DoD Directive
IAW	in accordance with
NICE	Negotiation Intelligence and Cost Evaluation
OPR	Office of Primary Responsibility
SME	Subject Matter Expert

GLOSSARY

G.2. DEFINITIONS.

TERM	DEFINITION
Action Officer	A DCMA professional who serves as the SME and primary focal point for an issuance and associated resource page.
Business Capability Framework	A structure that distinguishes a policy’s “what’s and why’s” from the process’ “how to” and integrates automation in an agile business environment. The “what and why” are delineated in DCMA Instructions, and the “how to” is delineated in DCMA Manuals.
Capability	The ability to achieve a desired effect under specified standards and conditions through a combination of means and across doctrine, organization, training, material, leadership and education, personnel, and facilities to perform a set of tasks to execute a specified course of action.
Component Heads	The leader of a DCMA component who reports directly to the Office of Director, DCMA.
Contract Administration Service	Post-award actions accomplished for the benefit of the government, which are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations IAW Federal Acquisition Regulation Part 42. It includes quality assurance, engineering support, production surveillance, preaward surveys, mobilization planning, contract administration, property administration, industrial security, transportation, safety, and other services.
Cost Accounting Standards	A set of 19 standards and rules promulgated by the U.S. Government for use in determining costs on negotiated procurements. Federal Acquisition Regulation Part 30 provides the policies and procedures for applying the Cost Accounting Standards Board rules and regulations as per 48 Code of Federal Regulations, Chapter 99.
SME	A person with expert knowledge and deep understanding of a particular process and function and is an authority in a particular area or topic. They are responsible for defining

the business processes, policies, and the application requirements within a function.

REFERENCES

- DCMA Manual 4301-11, Volume 1, “Management Controls: Managers’ Internal Control Program,” June 24, 2019
- DCMA Manual 4501-01 “Agency Issuance Program,” March 18, 2024
- DCMA-MAN 4501-04, Volume 1, “Records and Information Management Program,” April 16, 2021, and Volume 2, “Records Retention Schedule,” April 14, 2021
- DoD Directive 5105.64, “Defense Contract Management Agency,” January 10, 2013
- Federal Acquisition Regulation Part 31, “Contract Cost Principles and Procedures,” current edition
- Federal Acquisition Regulation Subpart 42.3, “Contract Administration Office Functions,”