

Subchapter 3015.4 Contract Pricing

3015.400-70 Scope of subpart.

Whenever agreement on pricing is necessary for prime contracts, contract modifications, and any order issued under a contract, the requirements of FAR 15.4 and this subchapter apply unless specifically excluded.

3015.404 Proposal analysis.

3015.404-2 Data to support proposal analysis.

(a) *Field pricing assistance.* Contracting officers should obtain information that is on file with the Administrative Contracting Officer (ACO) or auditor. Generally, this is the Defense Contract Management Agency (DCMA) or Defense Contract Audit Agency (DCAA). Contracting officers may contact DCMA directly, or email the OCPO Oversight and Pricing Branch at PROCUREMENTSUPPORT@hq.dhs.gov to query the DCMA managed Contractor Business Analysis Repository (CBAR) database for any readily available information. The CBAR database is a repository of the following information regarding contractors with DoD contracts.

- Status of Contractors Business Systems and withholds (including Accounting System)
- Indirect and Direct rates
- FPRA/FPRR with historical actual costs
- CAS Disclosure statements
- CAS non compliances

If the information needed to support proposal analysis is not available in CBAR, COs may contact Defense Contract Audit Agency (DCAA) to obtain relevant information DCAA has on file. Contracting officers may contact the cognizant DCAA office directly by using the locator tool at www.DCAA.mil, or may request the OCPO Pricing Team to assist in collecting field pricing information by e-mail to PROCUREMENTSUPPORT@hq.dhs.gov.

(c) *Audit Assistance for prime contractors or subcontracts.*

(1) Pursuant to the Memorandum of Understanding (MOU) between Defense Contract Audit Agency (DCAA) and U.S. Department of Homeland Security, all requests for DCAA audit services shall be made directly by the cognizant contracting officer to the cognizant DCAA Office. If the cognizant DCAA office is not identified in the offeror's proposal, it can be obtained from the DCAA website, www.dcaa.mil, by using the "Locator" feature and searching by the CAGE code or ZIP code of the offeror. When requesting DCAA audit services, DHS contracting professionals shall follow the procedures outlined in the MOU. A copy of that MOU is incorporated at Appendix U, Contract Audit Services Memorandum of Understanding. Where the contracting officer determines that DCAA audit support at negotiations would be beneficial, requests for such support should be directed to the cognizant DCAA Field Audit Office Manager.

(2) For each audit report that is received, the contracting officer shall provide the cognizant DCAA office a copy of the price negotiation memorandum promptly after contract award. If the contractor for which the audit was provided is not the awardee, the contracting officer shall notify DCAA in writing. The price negotiation memorandum and/or the notification serve as the basis for DCAA disposition of the audit findings.

(3) Questions regarding data to support proposal analysis and coordination with DCAA may be directed to the OCPO Oversight and Pricing Branch at PROCUREMENTSUPPORT@hq.dhs.gov.

(4) *Copies of Audit Reports.* When an audit is requested, Contracting officers shall provide a copy of DCAA audit reports to OCPO by sending an e-mail to PROCUREMENTSUPPORT@hq.dhs.gov for contractor system reviews (e.g., accounting system reviews, estimating system reviews, compensation reviews, etc.).

3015.404-4 Profit.

(b) Policy.

(1) Pursuant to FAR 15.404-4, DHS has established a structured approach for determining the profit or fee objective.

(i) The contracting officer shall use DHS Form 700-17, Weighted Guidelines Profit/Fee Objective, or a form substantially similar if authorized according to Component procedures, to determine the profit or fee objective before conducting negotiations for those acquisitions that require cost analysis. DHS Form 700-17 shall be made a part of the prenegotiation memorandum.

(ii) The contracting officer may use an alternate structured approach in lieu of the weighted guidelines for the acquisitions listed below. The rationale for profit or fee determined by the alternate structured approach shall be substantiated in a manner similar to that used in the weighted guidelines method.

(A) Architect-engineering contracts;

(B) Management contracts for operation and/or maintenance of Government facilities;

(C) Construction contracts;

(D) Contracts primarily requiring delivery of material supplied by subcontractors;

(E) Termination settlements;

(F) Cost-plus-award-fee contracts; and

(G) Contracts having unusual pricing situations.

(d) *Profit-Analysis Factors.*

(1) Appendix J, Structured Approach for Profit or Fee Objective cites elements which should be considered when completing DHS Form 700-17, Weighted Guidelines Profit/Fee Objective.

(2) *Additional factors.* Factors to be considered for nonprofit organizations also are contained in Appendix J.

3015.404-70 Independent Government Cost Estimate.

(a) The requiring office shall provide an Independent Government Cost Estimate (IGCE) for proposed negotiated acquisitions, unless exempted by HSAM 3015.404-70(c).

(b) The IGCE should reflect how the estimate was derived by delineating such costs as the major labor categories, materials, travel, consultant, computer usage, etc. Any previous cost experience the Government has had in acquiring the same or similar items also should be provided with the IGCE.

(c) Unless the contracting officer requires otherwise, an IGCE is not required for the following:

- (1) Proposed awards using simplified acquisition procedures under FAR Part 13;
- (2) Administrative modifications such as incremental funding;
- (3) Modifications to exercise fixed-priced options;
- (4) Modifications to resolve cost overruns under cost reimbursement contracts;
- (5) Proposed acquisitions for items that meet the commercial item definition in FAR Part 2; and
- (6) When prices for the supplies or services are set by law or regulation.

3015.406 Documentation.

3015.406-170 Prenegotiation objectives.

(a) The Government's prenegotiation objective shall be in writing and have sufficient rationale to explain to a third party how the overall reasonableness of the proposed prices were determined and how the prenegotiation objective represents a fair and reasonable price.

(b) The Prenegotiation Memorandum shall be signed by the contracting officer and approved in accordance with the requirements of HSAM 3004.70.

3015.406-370 Documenting the negotiation.

(a) See HSAM 3004.70 for the review and approval of the document described at FAR 15.406-3.

(b) If the price analysis technique at FAR 15.404-1 (b)(2)(v) is used to compare proposed prices to an IGCE to determine fair and reasonable pricing, the contracting officer must document the basis for the comparison, including an explanation of the differences between the proposed prices and the IGCE.

3015.407 Special cost or pricing areas.**3015.407-1 Defective certified cost or pricing data.**

(d) The contracting officer is the Assessing Official per 3042.1503 for defective pricing issues in the Contractor Performance Assessment Reporting System and shall comply with the requirements of FAR 42.1503(f). This responsibility is not delegable.

3015.407-4 Should-cost review.

(b) *Program should-cost review.*

(4) The should-cost review team report shall include the following:

(i) Results of the review, including proposed versus recommended hours, tasks, or issues. Discuss each cost element in terms of review method, finding, and proposed or recommended cost. Do not accumulate the dollar value of individual recommendations into a recommended total price. Indicate team members available to support negotiations;

(ii) Improvement recommendations, including long and short term benefits, to be passed on to the contractor or the Government, including monitoring approach;

(iii) A list of lessons learned having value to later should-cost teams; and

(iv) Attachments, including letters recommending changes, implementing plans, prenegotiation objectives, and price negotiation memorandum.