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Have you used the Weighted Guidelines (WGM) method to develop a profit margin at the auction? WGMs can increase the overall profit level of your federal contracts. Weighted recommendations can also help in aligning with certified cost or pricing data. Read about owning this tool to your advantage in contract negotiations with federal clients. The government supports the profits the federal government recognizes that profit is part of doing business. Federal Acquisition Regulation (FAR) 215.404-4 establishes a structured approach (DD Form 1547) to develop profit targets under agreed contracts. Factors to consider when assessing profits include the contractor's costs and technical performance, capital and financial investments, and price risks. The Department of Defense and other federal agencies, as well as the Govcons, are using WGM to calculate their versions of a fair and reasonable range for a percentage of contract profits. The agency and the contractor then determine the final interest during contract negotiations. CAVU's customer experience shows how WGM can benefit Govcons. Our client used these weighted guidelines to clearly articulate a reasonable rationale for the profit. As a result, the company made a profit of 1.5% compared to its predecessor's contract. This means that if the firm averaged 8% profit on the previous contract, the successor contract increased to 9.5%. The most frequently asked questions about WGM CAVU customers, new to the benefits of weighted guidelines, often ask us: When should my company use WGM? Use weighted guidelines for agreed contracts that require certified cost and pricing data. Even if the guidelines are not required, the Federal Contract Officer (CO) may encourage you to use them to describe the proposed profits. CO may also ask you to use weighted guidelines to develop agreed subcontracting rates. Are there circumstances in which weighted guidelines are not appropriate? RGM is not part of the negotiations on contracts with payment plus-rewards. Even then, however, you may find it useful to use WGM to verify the profits offered. For example, if your company competes for highly competitive purchases, calculating the minimum acceptable profit is the key to your bet. The Government will clarify the nature of the application to inform you whether this is an agreed purchase. Even if this is not the case, calculating WGM can help you find out how much profit is a foregone conclusion in your pricing decisions. How does the WGM work? Below is a short list of instructions. Download this DD Form 1547 template to follow along. Six key areas for entering data used to calculate profits: Start by entering all existing costs before paying in 13-19 lines. Enter the assigned weigh-in for technical control/cost control. Interest should add up to 100%. Enter the assigned % value for the technical. Enter a percentage of the value assigned Cost management/control. Enter the risk of a contract type. Enter the assigned % value of the cost-effectiveness factor. Please note that the section to finance working capital and capital can also apply to your offer. Your profit target for a total of dollars is calculated at line 33, followed by the total price and finally the weighted average total mark-up - the result of determining WGM profits. When assigning weights, consider the type of contract you are negotiating. If it is a development contract, it may have a higher technical percentage than a production contract. When you enter the technical percentage, the template will complete cost management/control, which will bring the total to 100%. The biggest driver to your profits is how you position yourself in the designated range. You can quickly see from the table below that there is a noticeable increase when you can justify that your contractual risk factors for the technical category fall within the range of technological incentives. Assigned Values for Technical Control and Management/Cost Control: Although the FAA states that this Standard range applies to most contracts, read carefully the description of the technology incentive. If you can maintain this range, you will have the best result for profit. According to the FAA, contract employees can use a range of technology incentives for acquisitions that include the development, production or application of innovative new technologies.... Factors to consider include: The technology applied or developed by the contractor Technical Complexity Program Maturity Performance Specification and Tolerance Schedule Delivery Term Guarantee or Guarantee Contract Type of Risk % Link in paragraph 5 above is determined from the following table: Determine if you are eligible for a special factor to encourage participants to reduce costs. This factor can be added to a maximum of 4% when you can demonstrate a cost reduction that will benefit the contract. Examples from the FAA include: actual cost reductions achieved under previous contracts. Reducing or eliminating redundant or idle objects. Contractor cost-cutting initiatives (e.g., competition protection programs, technical insertion programs, outdated spare parts control programs, part pricing reform, cost design and outsourcing of functions such as information technology). Metrics developed by the contractor, such as fully loaded working hours (i.e. working hours, including all direct and indirect costs) or other performance indicators, can form the basis for evaluating the effectiveness of contractor cost-cutting initiatives over time. The contractor's acceptance of the improvement to reduce costs. Effective contractor inclusion of commercial goods and processes. Contractor's investment in new facilities with such investments to improve asset use or improve productivity. You must adhere to the statutory ceilings based on FAR 15.404-4 (a) (a) (a) (3): For expert advice, contact Govcon Financial/Accounting Professionals at CAVU and use our extensive experience to help our clients apply WGM to maximum profitability. You can find more useful resources to develop the profit ratio using WGM by: 20Extraction.pdf (appropriate sections of FAR) SUBPART 215.4-CONTRACT PRICING (Revised October 1, 2020) As it is used in this sub-discharge - Market prices mean current prices that are set during normal trading between buyers and sellers freely bargaining, and which can be confirmed through competition or from sources, from free trade. Relevant sales data means sales information on the same or similar items that can be used to establish reasonable pricing based on the age, volume and nature of transactions (including any associated discounts, refunds, discounts, compensations or other adjustments). 215.402 Price Policy. (a) Under section 831 of the National Defence Authorization Act 2013 (Pub. L. 112-239) - (A) The contracting officer is responsible for determining whether the information provided by the buyer is sufficient to determine price reasonableness. This responsibility includes determining whether price information at which the same or similar products were previously sold is adequate to estimate price reasonableness, and determining the extent of uncertified cost data that should be required when price information is not adequate; (b) A contract staff member should not limit the Government's ability to obtain information that may be required to support the definition of fair and reasonable prices by agreeing on contract terms that preclude the receipt of the necessary supporting information; and (c) when receiving uncertified cost data, the contracting officer requires the hotel to provide information as it is regularly supported in offer business transactions. (ii) follow pGI 215.402 (DFARS/PGI review) procedures when analysing costs or prices, especially for acquisitions of single-source commercial goods. 215.403 Getting certified cost or pricing data. 215.403-1 Ban on receiving certified value or price data (10 U.S.C. 2306a and 41 U.S.C. Chapter 35). (b) Exceptions to certified requirements for cost or pricing data. i) Follow Follow PGI 215.403-1 (b) (DFARS/PGI). (ii) The presentation of certified value or price data is not required in the event of a contract, subcontract or contract or subcontract to the extent that such data relate to indirect compensation. (c) Standards for exceptions to certified requirements for cost or pricing data. (1) Adequate price competition. (A) For acquisitions in dual or multiple-source programs, (1) the definition of adequate price competition must be made on a case-by-case basis. Even with proper price competition, in some cases it may be appropriate to obtain additional data to assist in price analysis; and (2) Adequate price competition usually exists when - (i) Prices are requested through the full range of step quantities, usually including a 0-100 percent split of at least two offers that are individually capable of producing in full; and (ii) The reasonableness of all the prices awarded is clearly established on the basis of price analysis (see FAR 15.404-1 (b)). (b) If only one offer has been received in response to a tender application, see 215.371-3. (3) Commercial goods. (a) Follow pGI 215.403-1 (c) (c) (A) (DFARS/PGI) procedures for the pricing of commercial goods. (b) When applying the commercial exemption under FAR 15.403-1 (b) (3), see 212.102 (a)ii) for previous definitions of commercial items. (4) Denials. (a) The manager of contracting may, without the authority of the delegation, apply exceptional circumstances when the decision is made that (1) property or services cannot be reasonably obtained under a contract, subcontract or modification without granting a waiver; (2) Price can be defined as fair and reasonable without providing certified data on cost or prices; and (3) There are demonstrated benefits of giving a waiver. Follow procedures on PGI 215.403-1 (c) (4) (A) (A) (A) (DFARS/PGI opinion) to determine when an exceptional failure case is appropriate, for approving such waivers, for partial failure, and for waivers applicable to non-price supplies or services. (B) Before November 30 of each year, departments and agencies must report to the Director, Defense Prices and Contracts, Pricing and ContractIng Initiatives (DPC/PCI), all waivers granted under FAR 15.403-1 (b) (4) (4), during the previous fiscal year, for any contract subcontracting, or changes expected to cost $20 million or more. Cm. PGI 215.403-1(c)(4)(B) (DFARS/PGI) for format and guidance for the report. (c) The Ministry of Foreign Court has waived the requirement to provide certified value or pricing data to the Canadian Commercial Corporation and its subcontractors (see 215.408 (3) and 225.870-4 (c)). (D) DOD waived the certified cost or price data requirement for non-profit organizations (including educational institutions) to reimburse costs without contract fees. The contracting officer requires: (1) the presentation of data that does not release certified cost or price data, to the extent necessary to determine price reasonableness and cost viability; and (2) Certified cost or pricing data from subcontractors who are not non-profit organizations when the subcontractor's offer exceeds the certified cost or price threshold at 15,403-4 (a) (1). 215.403-3 Data requirement not to release certified cost or pricing data. Follow PGI 215.403-3 (DFARS/PGI). Commercial goods. To determine the price reasonableness of the main weapons systems purchased as commercial items, see 234.7002 (d). 215.403-5 Instructions for providing certified cost or price and data data that did not provide certified cost or pricing data. (b) (3) For contractors following the principles of the contract value in the under-contract basis of FAR 31.2, Contracts with commercial organizations in accordance with the procedures established in article 42.1701 (b), the administrative contract officer requires contractors to comply with the submitted points of table 215.403-1 in order to ensure that their offer of a forward price is presented in an acceptable manner in accordance with FAR 15.403-5(b) (3). The contract officer must request that the proposal be submitted to the Government at least 90 days before the proposed date by virtue of the rates. To ensure that the offer is completed, the contractor asks the contractor to complete the contractor forward Price Offer Sufficiency Checklist on table 215.403-1, and submit it with a forward price offer rate. Table 215.403-1 - Contractor Forward Price Offer Adequacy Checklist Complete the following checklist by providing the location of the requested information, or explaining why the requested information is not provided, and submit it with forward prices Offer. Contractor Forward Prices Price Offer Adequateity Control List SUBMISSION ITEM PROPOSAL PAGE No (if applicable) If not provided, EXPLAIN (may use continuation pages) GENERAL INSTRUCTIONS 1. Is the first page of the offer properly completed as stated by the contract employee? Initial elements of the proposal include: a. The name and address of the contractor; B. The name and phone number of the point of contact; C. Covered period; D. Offer page to which you apply: 1. Regardless of whether your organization is subject to cost accounting standards (CAS); 2. Whether your organization has submitted a CAS disclosure application and whether it has been properly determined; 3. Have you been notified that you have not been in contact with or have not been involved with your Disclosure Statement or CAS (except for non-compliance, which a federal agency official has identified as having a non-essential impact on cost) and, if so, an explanation; 4. Whether any aspect of this sentence contradicts your disclosed practice or applicable CAS, and if so, an explanation; and whether the proposal is consistent with established principles and procedures for evaluation and accounting, as well as part 31 of BP, cost principles, and if not with explanation; E. Next statement: This forward rate offer reflects our estimates, as of the date of submission entered (f) below and corresponds to table 215.403-1. In submitting this proposal, we give the Contract Officer and the Authorized Representative (s) the right to study these records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form, or whether such supporting information is specifically mentioned or included in the proposal as the basis for each assessment, which will adequately assess the proposed rates and factors. F. Filing date; The name, name and signature of the authorized representative. Offer Cover Page 2. Summary of proposed direct and indirect rates and factors including the proposed pool and base costs for each proposed indirect rate and factor. Immediately after the offer on the cover of page 3. Content table or index. Does the proposal include a content table or index that identifies and refers to all supporting data that is accompanying or identified in the proposal? B. For supporting documentation not included in the proposal, does the basis of each assessment in the proposal include the location of the documentation and the name of the contact (keeper), phone number and email address? Offer Cover Page 4. Does this offer disclose known or anticipated changes in business activities or processes that could significantly affect the bids offered (if they were not submitted earlier)? For example Office of Management Cost-cutting B. changes in management objectives as a result of economic conditions and increased competitiveness; C. Changes in accounting policies, procedures and practices, including (i) reclassification of costs from direct to indirect or vice versa; New methods of accumulating and distributing indirect costs and related consequences; and (iii) preliminary agreements; D. Reorganization of the company (including acquisition or alienation); E. Stopping objects; or f. Changes in business volume and/or contract mix/type. 5. Do the proposed costs, based on subjective factors, include an explanation of the processes used and the methods of evaluation, including those used in projecting based on known data? 6. Does this proposal show trends and budget data? Does the proposal provide an explanation of how the data was used, as well as any data adjustments? The proposal should be consistent with references to supporting data. If the offer is not consistent with the links to the supporting data, identify the page (s) and explain. 8. This proposal must be intrinsically consistent. If the offer is not internally consistent, identify the page (s) and explain. Straight Work 9. The methodology of direct labor rates and the basis of each assessment. Does the proposal include an explanation of the methodology used to develop direct labour rates and determine the basis of each assessment? B. Does the offer or location of supporting documents for basic labour indicators (e.g. wage reports) be included? 10. Does this proposal determine the escalation factors for the annual labour force, the costs to which escalation applies, and the basis for each factor used? 11. Does the proposal identify planned or expected changes in the composition of labour rates, categories of labour force, trade union agreements, headcount or other factors that could have a significant impact on direct labour performance? Indirect fares (fringe, overhead, GSA, etc.) The methodology of indirect rates and the basis of each assessment. Does the proposal determine the basis of each assessment and explain the methodology used to develop indirect rates? B. Does the offer include or locate supporting documents at the proposed rates? 13. Does the proposal determine the indirect costs of the burden centre, the cost element, the year (including any voluntary removals, if applicable) in a format that is consistent with the accounting system used to accumulate actual costs? 14. Does the proposal determine any contingencies? 15. Does the proposal determine planned or expected changes in the nature, type or level of indirect including additional benefits? 16. Does the offer determine corporate, home offices, general services or other incoming expenses and the source of these costs, including location and and contact (guardian), phone number and email address? 17. Does the proposal separate all intermediate spending pools and harmonize to show where costs will be allocated? 18. Does the proposal identify the escalation factors used to escalate indirect costs during the last few years, the costs to which escalation applies, and the basis of each factor used? 19. Does the proposal provide details on the development of the distribution base? 20. Does this proposal include or refers to supporting data for the distribution base, such as programme budgets, negotiating memorandums, proposals, contractual values, etc.? 21. Does the proposal define how the proposed distribution bases align with its long-term plans, strategic plan, operating budgets, sales forecasts, programme budgets, etc.? The cost of money (COM) 22. The cost of the money. a. Is the value of cash rates determined in the form of CASB-CMF, with the treasury rate used to calculate com, and the summary of the net book value of assets identified as distributed and non-distributed? B. Does the proposal support the CASB-CMF form, such as basic reports and reports confirming the net accounting of assets contained in the form? OTHER 23. Does the proposal include a comparison of previously projected costs with actual results in the same format as the proposal and an explanation/analysis of any differences? 24. When it comes to revising the previous rate offer or forward rate agreement, does the new proposal provide a summary of the changes in circumstances or facts that the contractor claims require a change in rates? 215.404 Proposal Analysis. 215.404-1 Sentence Analysis Methods. (a) General. (i) Follow pGI 215.404-1 (DFARS/PGI) procedures to analyze suggestions. (ii) for spare parts or aids to analyse (A) those line goods where the proposed price exceeds the 25 per cent or lower price the Government has paid during the last 12-month period on the basis of reasonably available data; (b) Those elements of the line where a comparison between the product description and the proposed price indicates that prices may be inflated; (c) Significant high-value goods in dollars. If you don't have obvious high-dollar items, include random sample analysis of items; and (D) a random sample of other low-dollar items. The size of the sample may be determined by subjective judgment, such as supply experience and the reliability of its evaluation and accounting systems. (b) Price analysis for commercial and non-commercial goods. (i) In the absence of adequate price competition in response to market-based pricing requests, is the preferred method of setting a fair and reasonable price (see PGI 215.404-1 (b) (i) (DFARS/PGI)). (ii) If the contracting officer determines that the information obtained from the market study is insufficient to determine the reasonableness of the price, the contracting officer must take into account the information provided by the buyer of the latest purchase prices paid by the Government and commercial customers for the same or similar commercial goods on comparable terms, when the price is reasonable at the subsequent purchase, if the contracting officer is satisfied that the previously paid prices remain in consideration. The contracting officer must take into account a combination of other relevant factors, such as the time elapsed since the previous purchase, and any differences in amounts purchased (section 853 of the National Defense Authorization Act for fiscal year 2016 (Pub). L. 114-92)). (iii) If the contracting officer determines that the offer cannot provide sufficient information described in paragraph (b)ii) of this section to determine the reasonableness of the price, the contracting officer must ask the enveloper to provide information on the prices paid for the same or similar goods sold on different terms; Prices paid for a similar level of work or effort on related products or services; Prices paid for alternative solutions or approaches; and D) Other relevant information that can serve as a basis for determining the reasonableness of the price. (iv) If the contracting staff member determines that the price information provided is not sufficient to determine the reasonableness of the price, the contracting officer requests other relevant information to include cost data. In any case, however, no data is required on the costs of having sufficient non-governmental sales of the same product to establish price reasonableness (section 831 of the National Defence Authorization Act 2013 (pub). L. 112-239)). In assessing price data, the contracting officer must take into account significantly different conditions, volumes, market and economic factors. With regard to similar items, the contracting officer must also take into account the material differences between a similar paragraph and the article being purchased (see FAR 15.404-1(b) (2) (ii) (b) and PGI 215.404-1 (b) (DFARS/PGI)). Material differences are the ones that one might reasonably expect to influence in a row determining the reasonableness of the price. A contract employee must consider the following factors when assessing the relevance of the available data: A) Market prices. (B) Age of data. (1) Whether data is too old to be relevant depends on industry (e.g., rapidly changing technologies), product maturity (e.g. stable), economic factors (such as new sellers in the market) and various other considerations. (2) The expected sale may be significant if, in the opinion of the contracting officer, this is possible at the expected price, and it would reasonably be expected that the sale would have a significant impact on the contracting officer's determination of the reasonableness of the price. A contract officer may consult with knowledgeable Administrative ContractIng Officers (ACO) as they may have information about upcoming sales. (C) The volume and completeness of these transactions. The data must include enough transactions to represent the range of relevant sales for all types of customers. The data should also include key information such as date, number sold, part number, item, sale price, and customer. If the number of transactions is insufficient or the data is incomplete, the contracting officer requests additional sales data to estimate the reasonableness of the price. If the contractor is unable to provide sufficient sales data, the contractor requests other relevant information. (D) The nature of the deals. The nature of the sale transaction includes information necessary to understand the transaction, such as terms, date, number of sold, sale price, unique requirements, customer type (government, distributor, retail end user, etc.), as well as relevant agreements. It also includes warranties, key product specifications, maintenance agreements, and preferred customer rewards. (vi) The contracting officer considers catalogue prices to be reliable if they are regularly maintained and maintained by relevant sales data (including any relevant discounts, refunds, discounts, compensations or other adjustments). A contracting officer may require the offerer to support the differences between the proposed price (s), the catalog price (s) and the relevant sales data. (vii) A contract officer may consult with the Ministry of Health's staff of experts who can provide expert advice to acquisition staff to assist in determining business points and reasonable prices. The composition of the experts of the Ministry of Defense is determined by PGI 215.404-1 (b) (vii) (DFARS/PGI). Review and review contract. Follow PGI 215.404-1(h) (2) (dfARS/PGI) procedures when considering alternative approaches or deciding that the chosen approach to contracting is in the best interests of the government, as required by FAR 15.404-1 (h)(2). 215.404-2 Data to support proposal analysis. Cm. PGI 215.404-2 (DFARS/PGI review) for recommendations for field pricing or audit assistance. 215.404-3 Subcontracting pricing considerations. Follow the procedures in PGI 215.404-3 (DFARS/PGI review) when considering a subcontractor's offer. 215.404-4 Profit. Politics. (1) Contract staff members should use a structured approach to develop a profit or pre-profit payment for any agreed contractual action when receiving certified value or price data, excluding cost and bonus contracts (see 215.404-74, 216.405-2 and FAR 16.405-2) or contracts with the Federal Funding Research and Development Centers (FFRDCs) (see 215.404-75). There are three structured approaches3/4 (A) Method of Weighted Guidelines; (b) A modified method of weighted guidelines; and (C) an alternative structured approach. (c) The responsibilities of a contract officer. (1) In addition, do not perform a profit analysis when assessing the realistic cost of competitive acquisitions. (2) In a structured approach, the contracting officer (A) uses a weighted method of guidelines (see 215.404-71), except in paragraphs (c) (2) (b) and (c) (c) of the subsection. (b) Use a modified method of weighted guidelines (see 215.404-72) on contractual actions with non-profit organizations, not in relation to FFRDC. (c) may use an alternative structured approach (see 215.404-73) when 3/4 (1) contract valid - (i) B or below the certified threshold of cost or price data (see FAR 15.403-4(a)) (ii) for an engineer or construction architect; (iii) primarily to deliver materials from subcontractors; Or (iv) a termination settlement; or (2) The weighted guidelines do not provide a reasonable overall profit goal, and the contracting manager approves the use of an alternative approach in (d) Use a weighted method of guidelines to set a base rate of return in accordance with the formula pricing agreement, and can then use the base rate for all actions under the agreement, provided that the terms affecting profits do not change. (E) Document profit analysis in the contract file. 5) Although no specific agreement on the weights or values applied to individual profit factors will be undertaken, the contractor may encourage the contractor to issue details of the proposed amounts of profit in the guidelines' weighted average or similar structured approach; and (b) use a balanced method of guidelines in the development of profit goals for agreed subcontracts. (6) The contracting officer should also check whether the variables involved have changed (e.g. productivity risk, interest rates, rate of payment of progress, allocation of capital of facilities). Profit analysis factors. (1) Common factors. The general factors are embodied in the structured approaches of the CD and should not be further considered by the contract officer. 215.404-70 DD Form 1547, Record weighted application of method guidelines. Follow pGI 215.404-70 (DFARS/PGI) procedures to use the DD 1547 form whenever a structured approach to profit analysis is required. 215.404-71 Method of Weighted Guidelines. 215.404-71-1 General. (a) The weighted guidelines focus on four profit factors - (1) performance risk; (2) Contract type risk; (3) Capital used; and (4) Cost efficiency. (b) A contract employee assigns values to each profit factor; multiplied by the basic value, it leads to the goal of profiting on this factor. With the exception of a special cost-effectiveness factor, each profit ratio has a normal value and a certain range of values. The normal cost is representative of the average conditions under the prospective contract compared to all goods and services purchased by the Ministry of Health. The designated range provides values based on above normal conditions or below normal conditions. The price negotiation documentation for the contracting officer does not need to explain the appointment of the normal cost, but rather considers the conditions justifying the appointment other than the usual value. A special cost-effectiveness factor is not normal. A contract employee must make sound business judgment when choosing a value when using this special factor (see 215.404-71-5). 215.404-71-2 Performance Risk. (a) (a) (a) This profit ratio takes into account the contractor's risk when meeting contractual requirements. The ratio consists of two parts: (1) Technical - technical performance uncertainty. Control of management/value - the extent of the necessary management efforts - (i) ensuring the time of use of the contract; and (ii) to reduce and control costs. Definition. The following excerpt from the DD 1547 form is annotated to describe the process. Designated Baseline Profit Point Contractor Risk Factors Weighing Value (para. 20) Target 21. Technical (1) (2) N/A N/A 22. Cost management/control (1) (2) N/A N/A 23. Performance risk (composite) N/A (3) (4) (5) (1) assigns weight (percentage) to each item depending on its contribution to the overall performance risk. In total, two weights equal to 100 percent. (2) Select the value for each item in the list in paragraph (c) of this subsection using the evaluation criteria in paragraphs ((d) and (e) of this subsection. (3) Calculate the composite as shown in the following example: Assigned weight assigned value Weighted Value Technical 60% 5.0% 3.0% Management/Cost Control 40% 4.0% 1.6% Composite value 100% 4.6% (4) Insert amount from block 20 form DD 1547. Block 20 is the total cost of the contract, excluding capital costs for facilities. (5) Multiply (3) by (4). (c) Values: Normal and designated ranges. The standard of normal value of the designated range is from 5% from 3% to 7% Technological stimulus 9% from 7% to 11% (1) Standard. The standard designated range should apply to most contracts. (2) Technological stimulus. In terms of technical factors alone, contracting staff can use a range of incentives to use technologies for acquisitions that include the development, production or application of innovative new technologies. The range of technological incentives does not apply to efforts limited to research, analysis or demonstrations that have a technical record as the main results. Criteria for assessing technical evaluations. (1) Review contractual requirements and focus on critical performance elements in a work statement or specification. Factors to consider include: (i) technology used or developed by a contractor; Technical complexity; The maturity of the programme; Specifications and performance tolerances; Delivery schedule; and (vi) the degree of warranty or guarantee. (2) Above normal conditions. (i) Where there is a significant technical risk, a contract employee may be assigned a higher than usual cost. Indicators: (A) Items are made using specifications with strict tolerance limits; (b) These efforts require highly skilled personnel or require the use of modern equipment; Services and analysis are critical to the Government and must meet demanding standards; The independent development and investment of the contractor have reduced the risk or costs of the government; (e) The contractor has adopted an expedited delivery schedule to meet the requirements for parole; or (F) The contractor took the additional risk through warranty provisions. (ii) Extremely complex, vital efforts to overcome complex technical obstacles requiring staff with exceptional abilities, experience and professional credentials can justify value well above the norm. (iii) The following may be an excuse for maximum value - (A) development or initial production of a new product, especially if performance or quality characteristics are rigid; or B) High degree of development or production equivalence. (3) Below normal conditions. (i) Where the technical risk is low, the contract officer may be assigned a lower than usual value. Indicators: (A) Requirements are relatively simple; Technology is not complex; Efforts do not require highly qualified staff; Efforts are commonplace; (E) Programs are mature; or (F) Acquisition is a follow-up attempt or repetitive type acquisition. (ii) A contract employee may assign a value well below the normal value for: Regular services; (b) The production of simple products; (c) Oral recording or regular integration of government-sponsored information; or (D) Simple transactions with government-provided property. (4) A range of technological incentives. (i) A contract director can assign values within the range of incentives to use technology when contracts are implemented in the introduction of new, significant technological innovations. Use a range of technological incentives only for the most innovative contract efforts. Innovations can be in the form of the development (A) of the development or application of new technology that fundamentally changes the characteristics of an existing product or system and leads to improved performance, increased reliability or lower costs; or (B) New products or systems that contain significant technological advances in relation to the products or systems they replace. When selecting value within the range of technology incentives, the contracting officer should consider the relative value of the proposed innovation for the acquisition as a whole. When an innovation is of little benefit, the contracting officer should consider using below-normal values. For innovative efforts that will have a great positive impact on a product or program, a contract employee can use values above the norm. Evaluation criteria for management/cost control. 1) The contractor should sell the assessment - (i) to the contractor's management and internal control systems using contracting department data, information and reviews made by the field contract management offices or other departmental offices of the Ministry; (ii) Management's expected involvement in alleged contractual actions; (iii) The extent to which costs are combined as an indication of the types of resources used by the contractor and the added value; Contractor support for federal socio-economic programs; The expected reliability of the contractor's cost estimate (including the contractor's cost assessment system); The adequacy of the contractor's approach to cost control and schedule; and (vii) any other factors that affect a contractor's ability exchange rates and inflation rates). (2) Above normal conditions. (i) A contract staff member may be assigned a higher-than-usual value with a high degree of management effort. Indicators of this are: (A) The value added to the contractor is both significant and complex; These efforts involve a high degree of integration or coordination; (c) The contractor has a good track record of past results; (d) The contractor has a significant track record of active participation in federal socio-economic programmes; The contractor provides a fully documented and reliable cost estimate; (F) The contractor makes appropriate decisions about the acceptance or purchase; or (G) The contractor has a proven cost tracking and control report. (ii) a contract staff member can justify maximum value when efforts (A) require large-scale integration of the most complex nature; (b) Includes major international activities with significant management coordination (e.g. compensation with foreign suppliers); or (C) has critical milestones. (iii) If the contractor demonstrates effective cost management and control by submitting a timely, qualifying offer (as defined as 217.7401) in a case to further determine the undetectable action of the contract, and this proposal demonstrates effective cost control from the time of awarding the award to the present, the contractor may add 1 percentage point to the cost determined to control management/value up to the maximum 7 per cent. (3) Below normal conditions. (i) A contract employee may be assigned a lower-than-usual value when management efforts are minimal. Indicators of this are: (A) The program is mature and many final item deliveries have been made; (b) The contractor adds a minimum value to the goods; (c) These efforts are routine and require minimal oversight; (d) The contractor provides Late offers The contractor does not provide adequate cost analysis for subcontractors; The contractor is not cooperating in the evaluation and approval of the proposal; The contractor's cost assessment system is marginal; (h) The contractor made minimal efforts to initiate cost-cutting programmes; The contractor's cost proposal is inadequate; (j) The contractor has a report on cost overruns or other signs of unreliable cost estimates and lack of cost control; or (K) The contractor has a bad history of past results. (ii) The following may justify a value well below the norm- A) Reviews by field contract management offices reveal unsatisfactory management and internal controls (e.g., quality assurance, property control, safety, security); (B) Efforts require an unusually low level of leadership involvement. 215.404-71-3 Risk of contract type and adjustment of working capital. (a) Description. The contract type risk factor focuses on the degree of cost risk taken by the contractor in accordance with different types of contracts. Adjustment of working capital is an adjustment added to the profit goal for a risk type of contract. This applies only to fixed-price contracts that provide for the progress of payments. Although it uses a boilerplate approach, it is not designed to accurately calculate the cost of working capital. Its purpose is to give general recognition of the value of the contractor in the area of working capital under different contract terms, financial policies and economic conditions. Definition. The following excerpt from DD 1547 is annotated to explain the process. Contractor Assigned Baseline Profit Points Risk Factors Value Target 24a Contract Risk Type (based on costs incurred at the time of submission of the qualifying offer) (1) (2) (i) (3) 24b Contract Risk Type (based on government estimated completion costs) (1) (2) (ii) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) 3) 24c Results (3) (3) Contractor Cost Length Interest Income Factors Funded Factor Target 25 Working Capital (4) (5) (6) (7) (8) (8) (1) Select value from the list of contract types in paragraph (c) of this section using evaluation criteria in paragraph ((d) of this section. Cm. paragraph (d) (2) of this section. (2) (i) include the amount of expenses incurred at the date of the contractor's submission of the qualifying offer, for example in accordance with an unspecified contractual action (excluding capital expenditures for facilities) in the column of block 24a called Base. (ii) Include the amount of the government's estimated costs to complete (excluding capital expenditures for facilities) in a column of block 24b called Base. (3) Multiply (1) by (2) (i) (i) and (2) (ii), respectively for blocks 24a and 24b. Add blocks 24a and 24b and paste totals in block 24c. (4) Complete this unit only when the potential contract is a fixed contract price containing provisions for the progress of payments. (5) Insert the amount calculated on the paragraph (e) of this subsection. (6) Insert the corresponding figure from paragraph f) of this subsection. (7) Use the interest rate set by the Minister of Finance (see . Do not use any other interest rate. (8) Multiply (5) by (6) by (7). This is an adjustment of working capital. It should not exceed 4 per cent of the contract value in block 20. (c) Values: Normal and designated ranges. Normal Contract Assigned Type Notes Value (percentage) Range (interest) Firm fixed price, non-financing (1) 5 4 to 6. Firm-fixed price, with pay based on performance (6) 4 2.5 to 5.5. Firm-fixed price, with progress payments (2) 3 2 to 4. Fixed-price incentive, lack of funding (1) 3 2 to 4. Fixed-price incentive, with performance-based payouts (6) 2 0.5 to 3.5. Fixed price with a provision on override (3) incentive of the fixed price, with the progress of payments (2) 1 0 to 2. Cost plus-incentive-fee (4) 1 0 to 2. Cost plus flat fee (4) .5 0 to 1. Time and materials (including overhaul contracts for time and materials) (5) .5 0 to 1. Labor hour (5) .5 0 to 1. Firm-fixed price, effort level (5) .5 0 to 1. (1) Lack of funding means either that the contract does not provide for progressive payments or performance-based payments, or that the contract provides them only on a limited basis, such as funding for the first articles. Don't calculate the adjustment of working capital. (2) When the contract contains provisions on the progress of payments, calculate the adjustment of working capital (block 25). (3) For the purposes of assigning the value of the profit, treat a fixed-price contract with override provisions as if it were a fixed-price incentive agreement with below normal conditions. (4) Contracts cost plus should not receive an adjustment to working capital. (5) (5) types of contracts are considered fixed-value contracts for the purpose of assigning the value of the profit. They should not receive an adjustment to working capital in block 25. However, they may receive higher than normal values within a set range, to the extent that part of the cost is fixed. (6) When a contract contains performance-based pay provisions, it does not calculate the adjustment of working capital. Evaluation criteria. (1) General. The contracting officer should consider elements that affect the risk of a type of contract, such as: (i) the duration of the contract; (ii) The adequacy of cost data for forecasts; The economic environment; The nature and scope of subcontracting; Protection afforded to the contractor under the terms of the contract (e.g. economic price adjustment provisions); Ceilings and common lines contained in incentive positions; Risks associated with overseas military sales contracts (FMS) that are not funded by U.S. appropriations; and (viii) when the contract contains performance-based payment provisions (A) the frequency of payments; (b) Total payments compared to the maximum allowable amount in 32.1004 (b) (2); and (c) the risk of a payment schedule to the contractor. (2) Necessarily. (i) The contracting officer assesses the extent to which costs were incurred prior to the determination of the contract (also see 217.7404-6 (a) and 243.204-70-6). When costs have been incurred prior to determination, it is generally considered that the risk of a type of contract is at the lowest end of the specified range. If a significant portion of the costs were incurred prior to determination, the contracting officer could assign the value as low as zero percent, regardless of the type of contract. However, if the contractor submits a qualifying proposal to determine the indefinable action of the contract and the contractor for such action determines the contract after the end of the 180-day period starting at the date when the contractor submitted the qualifying offer (as defined at 217.7401), the profit made under the contract accurately reflects the risk of the contractor's costs per se, existing on the date when the contractor submitted the contractor Offer. (ii) Contract staff members are required to document in the price memorandum the reason for assigning a specific cost of risk type of contract in order to include in the definition of the purpose of the negotiations the extent to which any risk of cost reduction was considered during an indefinite implementation period. (3) Above normal conditions. A contract employee may assign a higher than usual cost at a significant risk of contract type. Indicators of this are: (i) efforts in which there is a minimal cost history; (ii) Long-term contracts without provisions protecting the contractor, especially when there is considerable economic uncertainty; Incentives (e.g. cost and productivity incentives) that would be at high risk to the contractor; (iv) the sale of FMS (except those concluded under the logistics agreements of the COOPERATIVE Logistics Of DOD or those made from government inventories or reserves of the U.S. Government) where the contractor may demonstrate that there are significant risks associated with those normally present in the contracts for the Department of Defense for similar goods; or (v) an aggressive performance-based payment schedule that increases risk. (4) Below normal conditions. A contract employee may assign a lower than usual cost when the risk of a contract type is low. Indicators of this are: (i) A very mature product line with an extensive history of costs; (ii) relatively short-term contracts; Contractual provisions that significantly reduce the contractor's risk; Incentives that will have a low risk to the contractor; (v) Performance-based payments for the total amount possible (s) specified in FAR 32.1004 (b); or vi) a performance-based payment schedule that is normal with minimal risk. (e) Expenses funded. (1) Costs were financed equally by total costs multiplied by a fraction (percentage) of contractor-funded costs. (2) Total costs are equal to block 20 (i.e. all permissible costs excluding capital expenditures for facilities), reduced as necessary when (i) the contractor has little cash investment (e.g., subcontractor payments for progress eliminated at the end of the execution period); Some costs are covered by special funding provisions, such as or (iii) The contract is multi-year and there are special funding arrangements. (3) The part that the contractor finances is usually part of the non-progress payment, i.e. 100 per cent minus the normal progress rate (see FAR 32.501). For example, if a contractor receives progress payments of 80 per cent, the portion financed by the contractor is 20 per cent. Under contracts that provide progress payments to small businesses, use the usual rate of payment progress for big business. (f) Contract length ratio. (1) This is the period of time when the contractor has an investment in working capital in the contract. It (i) is based on the time it takes the contractor to complete the bulk of the work; (ii) Is not necessarily the period of time between the award of the contract and the final delivery (or final payment), as periods of minimal effort should be excluded; The opening periods contained in the options provisions should not be included; and (iv) should not include in multi-year contracts periods that go beyond those required to meet the initial requirements for the year. (2) Contracting Officer (i) Should use the following table to select the length of the contract; A weighted average duration of the contract should be developed when the contract has multiple deliveries; and (iii) can use sampling methods provided they produce a representative result. TABLE Period to fulfill the bulk of the contract length (in months) Factor 21 or less .40 22 to 27 .65 28 to 33 .90 34 to 39 1.15 40 to 45 1.40 46 to 51 1.65 52 to 45 1.40 46 to 51 1.65 52 to 4557 1.90 58 to 63 2.15 64 to 69 2.40 70 to 75 2.65 76 or more 2.90 (3) Example A prospective contract has a performance period of 40 months with the final items delivered in the 34th, 36th, 38th and 40th months of the contract. The average period is 37 months and the contract duration is 1.15 months. 215.404-71-4 Used capital of objects. (a) Description. This factor is aimed at encouraging and encouraging investment in properties that benefit DOD. It recognizes both the capital of the facilities that the contractor will use in the performance of contracts, as well as the contractor's commitment to improving productivity. Assessment of the capital of contract facilities. Contracting Officer assesses capital expenditures on objects of money and capital used using : (1) CASB-CMF and cash factors (48 CFR 9904.414 and FAR 31.205-10); and (2) DD Form 1861, Contract Services Capital Value Of Money. (c) Use of the 1861 DD form. Cm. PGI 215.404-71-4 (c) (DFARS/PGI review) to obtain on-site pricing support for the 1861 DD form. (1) Goal. Form DD 1861 provides a means of linking the form of CASB-CMF and DD Form 1547, recording the weighted application of the guidelines. This is (i) allows the contract employee to differentiate the profit goals for different types of assets (land, buildings, equipment). This procedure is similar to the application of overhead rates to the relevant overhead allocation bases to determine contractual overheads. (ii) Is intended to record and calculate the cost of capital expenditures for contracted objects in the form of cash and capital used, which are carried out in accordance with form DD 1547. (2) Instructions at the end. Complete Form 1861 DD only after evaluating the contractor's offer of value, determining the value of the money factors, and setting a pre-value estimate. Complete the form as follows: (i) A list of overhead pools and direct charging centers (when used) in the same structure as the contractor's proposal for costs and the CASB-CMF form. The structure and distribution of the base units must be compatible on all three displays. (ii) Extract relevant baseline data on the distribution of contractual overheads from the estimated cost breakdown or the cost target of pre-contracting and list data for each invoice pool and direct charging centre. (iii) Multiply each distribution base by the appropriate cash ratio in order to generate capital expenditures on funds that are estimated to be incurred annually. The amount of these products represents the estimated cost of capital expenditures of contract facilities for a year. The total value of the contracts is the amount of money. (v) Since the capital expenditures of monetary factors reflect the applicable value of the cash rate in column 1 of the CASB-SMF form, divide the value of the money contract at the same rate to determine the capital used by the contract facilities. Preliminary capital applications. To establish the cost and price goals, apply objects to the capital value of money and capital used as follows: (1) The value of money. Objective cost. Use the imputed capital value of objects of money, with normal, booked costs, to objective or targeted costs when structuring a incentive type contract. Do not adjust the target costs set from the outset, even though the actual value of cash bets becomes available during the contract. The goal is profit. When measuring a contractor's efforts to set a pre-production profit goal, limit the cost base to normal, booked costs. Don't include the cost of money as part of the cost base. (2) The capital of the objects used. Assess and weight of the profit target for risk associated with capital objects used in accordance with profit guidelines at 215,404-71-4. Definition. The following excerpt from DD 1547 was annotated to explain the process. Item Contractor Services Capital Busy Assigned Value Value Employed Profit Target 26. Earth N/A (2) N/A 27. Buildings N/A (2) N/A 28. Equipment (1) (2) (3) (1) Select value from the list in paragraph (f) of this subsection using the evaluation criteria in paragraph (g) of this subsection. (2) Use of dedicated capital objects related to land, buildings and equipment, as is the case in the form of DD 1861, the contract funds Capital value of the money. (i) In addition to the net book value of the capital used, consider the capital of the facilities, which is part of the official investment plan, if the contractor provides reasonable evidence that (A) the achievable benefits to the EDF will be the result of investment; and B) the benefits of investment are included in the forward pricing structure. (ii) If the value of intra-company transfers has been included in block 20 at cost (i.e. excluding general and administrative (GSA) costs and profits), add to the contractor's allocated capital of the facilities, the allocated capital of the facilities attributed to the buildings and equipment of those corporate units that supply intra-company transfers. Do not make this add-on if the cost of intra-company transfers has been included in block 20 at a price (i.e. including the costs and profits of the GSA). (3) Multiply (1) by (2). (f) Values: Normal and designated ranges. Asset Type Normal Value Designated Land Range 0% N/A Buildings 0% N/A Equipment 17.5% from 10% to 25% (g) Assessment Criteria. (1) When assessing objects, the capital used by the contracting officer - (i) should relate to the usefulness of capital objects for goods or services purchased under the Contract; (ii) To analyse productivity gains and other expected benefits from increased industrial base as a result of investment in facilities, including :A) the economic value of capital facilities, such as physical age, undervalued values, idleness and expected contribution to future defence needs; and B) the contractor's investment in defence-related facilities, compared to part of the contractor's total activity from the Ministry of Defence; and (iii) any contractual provisions that reduce the risk of contractor reimbursement of investments, such as protections against termination of the contract and reimbursement of capital investments, should be considered. (2) Above normal conditions. (i) A contract employee may assign a higher than usual cost if capital investments in facilities have direct, identifiable and exceptional advantages. Indicators: A) New investments in state-of-the-art technologies that reduce the cost of acquisition or bring other tangible benefits, such as improved product quality or accelerated deliveries; or (B) Investing in new equipment for research and development applications. (ii) A contract staff member may assign a value well above normal when there are direct and measurable efficiency gains and the acquisition costs are significantly reduced at the price they estimate. Maximum values apply only to cases where the benefits of capital investment in objects are significantly above the norm. (3) Below normal conditions. (i) A contract employee may be assigned a lower than usual cost if capital investment in facilities does not bring any benefit to the parole board. Indicators: A) Capital allocation applies mainly to commercial lines of points; (b) Investments in items such as furniture and fixtures, home or group-level administrative offices, corporate planes and hangars, gymnasiums; or (C) Amenities are old or widely idle. (ii) A contract staff member may assign a value well below the norm when a large part of defence production is done in an environment characterized by outdated, inefficient and time-consuming capital equipment. 215.404-71-5 Cost Efficiency (a) This particular factor is an incentive for contractors to reduce costs. To the extent that the contractor can demonstrate efforts to reduce the costs that are beneficial to an unexamined contract, the contractor may increase the profit target to the completion of negotiations by no more than 4 per cent of the total objective value (block 20 of Form DD 1547) in order to recognize these efforts (block 29). (b) In order to determine whether this factor should be used, the contractor must consider criteria such as the following criteria for assessing the benefits that the contractor's efforts to reduce the cost of the pending contract will have: (1) the contractor's involvement in improving the Single Process Initiative; (2) the actual cost reductions achieved under previous contracts; (3) Reducing or eliminating redundant or idle objects; (4) Contractor cost-cutting initiatives (e.g. competition protection programs, technical insertion programs, outdated spare parts control programs, spare parts pricing reform, cost design, outsourcing of functions such as information technology). Metrics developed by the contractor, such as fully loaded working hours (i.e. the cost of working hours, including all direct and indirect costs) or other performance indicators, may over time form the basis for evaluating the effectiveness of the contractor's cost-cutting initiatives; 5) the contractor's efforts to improve the processes due to cost reductions; 6) efforts to reduce subcontractor costs; 7) effective inclusion by the contractor of commercial goods and processes; or (8) A contractor's investment in new facilities when such investments contribute to better asset use or productivity. (c) When selecting the percentage used for this special factor, the contractor has the maximum flexibility in determining the best way to assess the benefits that the contractor's efforts to reduce the cost of the pending contract will have. However, the contract officer must take into account the impact of differences in numbers, training, changes in scope and economic factors, such as inflation and deflation, on cost-cutting. 215.404-72 Amended method of weighted guidelines for non-profit non-profit organizations. Definition. In accordance with this sub-charge, the non-profit organization is an entrepreneurial organization (1) that operates exclusively for charitable, scientific or educational purposes; (2) Whose income does not benefit any individual or individual; (3) Whose activities are not related to or political campaigning for any candidate for public office; and (4) It is exempt from federal income tax under Article 501 of the Tax Code. (b) For non-profit organizations that are organizations that have been identified by the Secretary of Defense or the Secretary of the Department as receiving cost-based support plus a flat fee from a particular department or agency of the Ministry of Defence, calculate the purpose of the fee for the actions covered using the weighted method of guidelines at 215.404-71, with the following changes: (1) Change in Productivity Risk (Blocks 21-23 Forms of DD 1547). (i) If a contracting staff member assigns a value from a set standard range (see 215.404-71-2 (c), reduce the fee target by an amount equal to 1 per cent of the cost in block 20 of Form DD 1547. Show a net (reduced) amount in the form of DD 1547. (ii) do not assign value from the established technological stimulus. (2) Changes in risk type of contract (block 24 form DD 1547). Use a designated range of 1 to 0 percent instead of 215.404-71-3. There is no normal value. (c) For all other non-profit organizations, with the exception of FFRDC, calculate the purpose of the fee for the actions covered using the weighted method of guidelines in 215.404-71, amended in paragraph b)(1) of this subsection. 215.404-73 Alternative structured approaches. (a) A contract employee can take an alternative structured approach under 215.404-4 (c). (b) A contracting officer may develop a deputy structure, but it must include: (1) consideration of the three main components of the risk of profit, the risk of a contract type (including working capital) and the capital used by the facilities. However, the contracting officer is not required to complete the blocks 21-30 form DD 1547. (2) Displacement for objects of capital value of money. (i) The contracting officer must reduce the overall profit target to deduct the capital expenditure on the objects in accordance with the cost accounting standard (CAS) 414, the value of money as an element of the capital value of the facilities (48 CFR 9904.414). The value of money under OSAGO 417, the value of money as an element of the value of construction capital assets (48 CFR 9904.417), should not be used to reduce the overall profit target until the beginning of the year. The amount of profit in the summary of negotiations on the form of DD 1547 should be net from compensation. This adjustment is necessary for the following reason: profit values the method used in the weighted average method of the guidelines was adjusted to recognize the transition of capital expenditure on objects from the element of profit to the element of contract value (see FAR 31.205-10) and reductions were made directly to profit factors for performance risk. In order to ensure that this policy applies to all WDD contracts that allow the use of capital expenditures on facilities, similar adjustments should be made to contracts that use alternative structured approaches. 215.404-74 Requirements for payment of contracts with payment of plus-reward. When developing the purpose of payment fees for plus-reward contracts, the contracting officer must follow the instructions in BP 16.405-2 and 216.405-2; (b) Do not use a balanced method of guidelines or an alternative structured approach; (c) Apply offset policy at 215.404-73 (b) (2) for capital expenditures on facilities, i.e. reducing the base fee by the amount of capital expenditure on facilities; and (d) do not complete form DD 1547. 215.404-75 Collection requirements for FFRDC. For non-profit organizations that are FFRDCs, employee-contractors - a) should consider whether any fee is appropriate. The review includes FFRDC- (1) The share of non-soluble income (as established in accordance with generally accepted accounting methods), which relates to DOD contract efforts; (2) Capital acquisition plans; 3) financing working capital in accordance with the needs of the money cycle; and (4) Non-remunerative expenditures that are considered routine and necessary for the FFRDC. (b) If the fee is deemed appropriate, set the purpose of the fee in accordance with the FFRDC collection rules in the FFRDC DOD Management Plan. (c) Do not use a balanced method of guidelines or an alternative structured approach. 215.406-1 Goals of the Pre-Prepared. Follow pGI 215.406-1 (DFARS/PGI review) procedures for pre-preparation purposes. 215.406-2 Certificate of current cost or price data. For more information and guidance on current cost certificates or price data, please visit PGI 215.406-2 (DFARS/PGI review). 215.406-3 Negotiation documentation. Follow pGI 215.406-3 (DFARS/PGI) procedures to document the negotiations. 215.407 Special expenses or pricing areas. 215.407-1 Defective certified cost or pricing data. (c) When a contractor voluntarily discloses defective prices after a contract is concluded, the contractor must discuss disclosure with the Defence Contracts Audit Agency (DCAA). This discussion will help the contracting officer determine THE participation of the DCAA, which may be a limited check (e.g., limited limited disclosure of incomplete pricing, full audit or technical assistance in appropriate circumstances (e.g. nature or dollar disclosure of defective prices). At a minimum, the contractor should discuss with the DCAA the following: (A) the completeness of the contractor's voluntary disclosure of the affected contract. (b) The accuracy of the contractor's cost calculation under the affected contract. (c) The potential impact on existing contracts, tasks or orders or other offers submitted by the contractor to the Government. (ii) Voluntary disclosure of defective prices is not voluntary reimbursement as defined at 242.7100, and does not revoke the government's right to recover any overpayment plus overpayments in accordance with FAR 15.407-1 (b) (7). (iii) Voluntary disclosure of defective prices does not negate the Government's right to claims of under-price under-contract or any other government contract. 215.407-2 Make-or-buy programs. (a) General. See PGI for a guide to the factors to consider when deciding whether to request a make-or-buy plan, as well as factors to consider when evaluating make-or-buy views. Requirements for the program. (1) Elements and work included. The minimum dollar amount is $1.5 million. 215.407-3 Forward Price Agreements. (b) (i) Use forward rates (FPRA) in the presence of such rates, unless the contracting manager refuses them on a case-by-case basis. (ii) To advise the ACO on a case-by-case basis. (iii) Contact the ACO for FPRAs or recommended fares. 215.407-4 Spending Review. (a) General. Cm. PGI 215.407-4 (DFARS/PGI review) to determine whether the program or the overhead review should be performed. Review of the programme. Reviews of major weapons systems should be carried out in such a way that it is transparent, objective and ensures the effectiveness of the process of acquiring MIN systems (section 837 of the National Defence Act for fiscal year 2018 (pub). L. 115-91)). (i) Major reviews of the cost of the weapons system may include: (A) a thorough review of each element of the programme cost and justification for each cost. (b) Analysis of overheads, not value-added, and unnecessary reporting requirements. (C) Benchmarking similar TOD programs, similar commercial programs (where appropriate), and other programs of the same contractor at the same facility. (d) Analysis of supply chain management to support competition and cost efficiency at lower levels. (e) If necessary, review how to streamline the work of the programme team (government and contractor) if necessary. (f) Determining the potential for the breakdown of equipment equipped with the Government compared to the materials furnished by the main contractor. (g) Identifying goods or services provided by third parties, resulting in unnecessary end-to-end costs. Evaluation of the ability to use integrated testing and operational testing and modeling to reduce overall costs. Identify alternative technologies and materials to reduce the cost of developing or lifecycle programs. Identify and prioritize cost-saving opportunities. (k) Creating measurable targets and current tracking systems. The cost review should provide sufficient analysis while minimizing the impact on programme schedules by engaging stakeholders at an early stage, building on information already available prior to the request for additional data, and establish an early team with relevant knowledge. (iii) The cost review team should consist of members, including outside experts, if necessary, with training, skills and expertise in analysing cost elements, production or sustainable processes and technologies relevant to the programme in question. The review team may include staff from the Defence Contract Management Agency, the Department or Agency's Cost Analysis Center, and relevant functional organizations as needed. (iv) The cost review team should establish the process of communication and cooperation with the contractor throughout the cost review, including notifying the contractor what elements of the contractor's activities will be considered and what information will be needed for the review as soon as it is feasible, both before and during the review. (v) The report of the Expenditure Review Panel should provide as much as possible a review of current, accurate and complete data and identify savings opportunities for specific engineering or business changes that can be quantified and tracked. 215.407-5 Scorecards. Disclosure, maintenance and review requirements. Definitions. (1) Acceptable evaluation system is defined in paragraph 252.215-7002, Requirements for the cost assessment system. (2) Contractor means business unit, as defined in FAR 2.101. (3) The evaluation system is defined in paragraph 252.215-7002, Requirements for the Cost Assessment System. (4) Significant disadvantage is identified in paragraph 252.215-7002, Requirements for the cost assessment system. Applicability. (1) Defence policy is that all contractors have acceptable evaluation systems that consistently produce well-supported offers that are acceptable as a basis for negotiating fair and reasonable prices. (2) A large business contractor is subject to a review of disclosure, maintenance and system review requirements if, in the previous financial year, the contractor received major contracts or subcontracts totaling $50 million or more for which certified costs or prices were required; or (ii) In the previous financial year, the contractor received prime contracts or subcontracts totaling $10 million or more (but less than $50 million) requiring certified value or price data, and the contractor, with the agreed or at the request of the ACO, determines that this is in the best interest of the Government (e.g., significant valuation problems or contractor sales). (c) Politics. (1) The contractor must: (i) through the use of Regulation 252.215-7002, the requirements of the cost assessment system, the application of disclosure, maintenance and review requirements to large contractors who meet the criteria, paragraphs (b) (2) (i) of this section; Consider the application of disclosure, maintenance and review requirements for large contractors under paragraph (b) (2) (ii) of this section; and (iii) do not apply disclosure, maintenance and review requirements to other contractors, not large enterprises. (2) An informed contract officer, in agreement with the auditor for contractors subject to paragraphs (b) (2) of this section, must - (i) determine the admissibility of disclosure and approve or approve the system; and (ii) continue to correct any shortcomings. (3) Auditor evaluation of system reviews. 4) An acceptable system should ensure that relevant baseline data are used, appropriate assessment and common sense methods are used, a consistent approach and adhere to established policies and procedures. 5) In assessing the acceptability of the contractor evaluation system, the contractor, in consultation with the auditor, determines whether the contractor's evaluation system meets the system criteria for an acceptable evaluation system, as stipulated in paragraph 252.215-7002, with the requirements of the cost assessment system. Distribution of findings: (1) presentation of results information. The auditor should document the findings and recommendations in the report to the contracting officer. If the auditor identifies any significant flaws in the evaluation system, the report describes in sufficient detail the shortcomings that allow the staff member to understand the shortcomings when concluding the contract. (2) Original definition. (i) The contractor must review all the findings and recommendations and, if there are no significant deficiencies, immediately notify the contractor in writing that the contractor's evaluation system is acceptable and approved; or (ii) if a contracting officer finds that that there are one or more significant deficiencies (as defined in paragraph 252.215-7002, Requirements for the Cost Assessment System) due to the contractor failing to meet one or more evaluation criteria in paragraph 252.215-7002, the contractor must (A) promptly make an initial written decision about any significant deficiencies and notify the contractor, in writing, providing a sufficient description of each significant shortfall in a sufficient degree To allow the contractor to understand the flaw; (b) Request the contractor to respond in writing to the original decision within 30 days; and (c) to promptly assess the contractor's responses to the original definition in consultation with an auditor or functional specialist and make a final decision. (3) Final definition. (i) The contractor must make a final decision and notify the contractor in writing that the contractor evaluation system is acceptable and approved, and there are no significant deficiencies left, or (B) significant deficiencies remain. The notice should indicate all remaining significant deficiencies and any proposed or completed corrective action. The contractor must: (1) ask the contractor within 45 days of receiving the final decision to either correct the deficiencies or submit an acceptable corrective action plan showing the steps and actions to correct the deficiencies; (2) Reject the system in accordance with paragraph 252.215-7002, Requirements for the cost assessment system; and (3) withholding payments under paragraph 252,242-7005, Contractor Business Systems if the clause is included in the contract. (ii) Follow procedures to monitor the contractor's corrective actions and address significant deficiencies in PGI 215.407-5-70 (DFARS/PGI). Approval of the system. The contractor immediately approves the previously unapproved evaluation system and notifies the contractor when the contractor determines that there are no significant deficiencies left. (f) Employee notification under contract. The knowledgeable contract officer immediately distributes copies of the system's approval definition, disapproves of the system and withholds payments, or approves a previously unapproved system, and issues withheld payments to the auditor; Payment service; Affected contract officials in the procurement; and knowledgeable contract staff in contract management activities. 215.408 Provisions on petitions and provisions of the treaty. (1) Use paragraph 252.215-7002, Cost Assessment Requirements, in all applications and contracts to be concluded on the basis of certified cost or pricing data. (2) When contracting with the Canadian Commercial Corporation (i) (A) Use provision at 252.215-7003, Requirement for the submission of data not certified value or price data - Canadian Commercial Corporation - (1) Instead of DFARS 252.215-7010, Requirements for certified cost or price data and data not certified value or price data in the petition, including applications using THE FAR part 12 procedures to purchase commercial goods, for a single source of acquisition from the Canadian Commercial Corporation, which is - i) reimbursement if the contract value is expected to exceed $700,000; or (ii) a fixed price if the value of the contract is expected to exceed $500 million; or (2) Instead of DFARS 252.215-7010, in the petition, applications using the FAR part 12 procedure to purchase commercial goods, for the purchase of a single source from a Canadian Commercial Corporation that does not meet the thresholds specified in paragraph (2) (i) (a) (a) (1) if permission is obtained as necessary at 225.870-4 (c) (2) (ii); and (b) do not use 252.225-7003 instead of DFARS 252.215-7010 in competitive acquisitions; (ii) (A) Use paragraph 252.215-7004, Requirement for non-certified data on value or prices - Modifications - Canadian Commercial Corporation - (1) In the application, including applications using FAR Part 12 procedures to purchase commercial goods, to purchase a single source, from a Canadian commercial corporation and as a result of the contract, i.e.-i) cost recovery if the value of the contract is expected to exceed $700,000; or (ii) a fixed price if the value of the contract is expected to exceed $500 million; (2) in the petition, including the application for part 12 of the PROCEDURES for the purchase of commercial goods, for the sole source of acquisition from the Canadian Commercial Corporation and as a result of a contract that does not meet the thresholds specified in paragraph (2) (ii) (A) (A) (1) (1) if the permit is obtained as necessary at 225.870-4 (c)(2); or (3) (i) in the application, including applications using THE FAR part 12 procedures for commercial purchases, for a competitive acquisition that includes FAR 52.215-21, Requirement for data not certified value or price data, or which corresponds to the thresholds specified in paragraph (2) (ii) (A) (1). (ii) The contracting officer then selects the relevant clause for inclusion in the contract (52,215-21 only if the decision is not awarded to the Canadian Commercial Corporation; or 252.215-7004, if the decision is awarded to the Canadian Commercial Corporation and the required approval is obtained in accordance with 225.870-4 (c)(2)(ii); and (b) The contract officer may indicate a higher threshold in paragraph (b) of paragraph 252.215-7004. (3) Use the provision on 252.215-7008, Only One Offer, in competitive motions that exceed the simplified acquisition threshold, including petitions using the procedures of Part 12 of the FAR to purchase commercial goods. (4) When a petition requires the submission of certified data on cost or prices, the contract officer must include 252.215-7009, a checklist of the adequacy of the offer, in the request to facilitate the submission of accurate and complete offer. (5) With sufficient confidence that the presentation of certified data on cost or prices or data, not certified cost or price data required or required when using a provision at 252.215-7008 - (i) Use basic or alternative provisions for 252.215-7010, Requirements for certified cost or price data and non-certified value or price data, instead of far 52.215-20 Requirements for certified prices or price data and data not certified value or price data in applications, including applications using FAR Part 12 procedures for commercial purchases. (a) Use the basic provision when presenting certified value or price data that should be in table format 15-2 FAR, or if it is assumed at the time of application that the submission of certified price or price data may not be required. (b) Use alternative provision I to specify the format of certified cost or pricing data, in addition to the format required by the 15-2 FAR table; (ii) use this provision at 252.215-7011, the requirements for submitting proposals to the contract administrative officer and the contract auditor using the basic or alternative provision under 252.215-7010, and copies of the proposal must be sent to the ACO and the auditor under the contract; and iii) Use this provision at 252.215-7012, Requirements for submitting proposals through electronic media, when using a basic or alternative provision at 252.215-7010 and submission through electronic media is required. (6) Use this provision by calling 252.215-7013, deliveries and services provided by non-traditional defense contractors in all applications. (7) Use paragraph 252.215-7014, Exclusion from certified requirements for data on costs or prices for foreign military sales of indirect sales, in petitions and contracts that contain a provision at 252.215-7010, Requirements for certified prices or price data and data not certified prices or price data when it is reasonably certain that - (i) the contract is expected to include costs associated with indirect bias; and (ii) you will need to provide certified cost or price data or data that does not provide certified cost or price data. (8) Use paragraph 252.215-7015, Program Review, in all applications and contracts for the development or production of a large weapons system as defined in 234.7001. 215.470 Estimated data prices. (a) THE MINISTRY requires a price assessment of data in order to estimate the cost to the Government of the data elements in terms of their management, management, or engineering value. (b) If the data is to be delivered in accordance with the contract, include Form 1423 DD, a list of requirements for contract data. Cm. PGI 215.470 (b) (DFARS/PGI) guide to the use of form DD 1423. (c) The contractor must ensure that the contract does not require or be required to provide the contractor with data on another contract or subcontract and that a successful offer identifies any such data required by the application. However, where the desired duplicate data is available, the price of the contract includes the cost of duplication but not the preparation of such data. Data.