

DFARS Procedures, Guidance, and Information

PGI 202—DEFINITIONS OF WORDS AND TERMS

(Added December 31, 2012)

PGI 202.1—DEFINITIONS

PGI 202.101 Definitions.

DoD contracting activities are—

- (1) Department of Defense.
 - Department of Defense Education Activity
 - Joint Improvised Explosive Device Defeat Organization
 - TRICARE Management Activity
 - Washington Headquarters Services, Acquisition Directorate

- (2) Department of the Air Force.
 - Office of the Assistant Secretary of the Air Force (Acquisition)
 - Office of the Deputy Assistant Secretary (Contracting)
 - Air Force Materiel Command
 - Air Force Space Command
 - Air Combat Command
 - Air Mobility Command
 - Air Education and Training Command
 - Pacific Air Forces
 - United States Air Forces in Europe
 - Air Force Special Operations Command
 - Air Force Reserve Command
 - Air Force Global Strike Command
 - Air Force Life Cycle Management Center
 - Air Force District of Washington
 - United States Air Force Academy
 - Air Force Operational Test and Evaluation Center
 - Space and Missile Systems Center
 - Air Force Intelligence, Surveillance and Reconnaissance Agency

- (3) Department of the Army.
 - Deputy Assistant Secretary of the Army (Procurement)
 - Headquarters, U.S. Army Contracting Command
 - Headquarters, U.S. Army Materiel Command
 - National Guard Bureau
 - Program Executive Office for Simulation, Training, and Instrumentation
 - U.S. Army Aviation and Missile Life Cycle Management Command

- (4) Department of the Navy.
 - Office of the Deputy Assistant Secretary of the Navy (Acquisition & Procurement)

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Marine Corps Systems Command
Military Sealift Command
Installations and Logistics, Headquarters, U.S. Marine Corps
Naval Air Systems Command
Naval Facilities Engineering Command
Naval Sea Systems Command
Naval Supply Systems Command
Office of Naval Research
Space and Naval Warfare Systems Command
Strategic Systems Programs

- (5) Defense Advanced Research Projects Agency.
Office of the Deputy Director, Management
- (6) Defense Commissary Agency.
Directorate of Contracting
- (7) Defense Contract Management Agency.
Office of the Executive Director, Contracts, Defense Contract Management Agency
- (8) Defense Finance and Accounting Service.
External Services, Defense Finance and Accounting Service
- (9) Defense Information Systems Agency.
Defense Information Technology Contracting Organization
- (10) Defense Intelligence Agency.
Office of Procurement
- (11) Defense Logistics Agency.
DLA Acquisition (J-7)
DLA Aviation
DLA Energy
DLA Land and Maritime
DLA Troop Support
- (12) Defense Security Cooperation Agency.
Contracting Division
- (13) Defense Security Service.
Office of Acquisitions
- (14) Defense Threat Reduction Agency.

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Acquisition Management Office

- (15) Missile Defense Agency.
Headquarters, Missile Defense Agency
- (16) National Geospatial-Intelligence Agency.
Procurement and Contracting Office
- (17) National Security Agency.
Headquarters, National Security Agency
- (18) United States Special Operations Command.
Headquarters, United States Special Operations Command
- (19) United States Transportation Command.
Directorate of Acquisition

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PGI 204.6—CONTRACT REPORTING

PGI 204.602 General.

(1) *Helpful documents.* The Federal Procurement Data System (FPDS) website at <https://www.fpds.gov> provides useful documents and on-line training to assist with FPDS data entry. Key manuals can be found at the top of the website homepage under the “Training” and “Worksite” drop-down links to include:

(i) FPDS Data Element Dictionary – The data dictionary outlines relevant information for each data field. The version 1.4 Data Dictionary identifies whether a data field is Required, Optional, Propagates from the base action, Not Applicable or System Generated, for each type of data entry screen (Awards, Indefinite Delivery Vehicles, and Transactions/Modifications). It also identifies the source of data entry (e.g., Contracting Officer, Central Contractor Registration, FPDS); the format of the field; and whether the field input is derived from entries in other fields. At the back of the Data Dictionary is a useful summary “J3 DoD Use Case Summary.” Note that version 1.3 of the Data Dictionary (and earlier editions) used a term called “Not Required,” and did not distinguish between Not Applicable, Propagates, or System Generated. If a data field is identified as “Not Required,” it may mean that the data is pre-populated from another source, such as the Central Contractor Registration for vendor data, or the originating contract action report if the current action is referencing a previously reported award.

(ii) FPDS Data Validations – This document identifies all the validation rules that are applied to data entry. The majority of the rules apply Governmentwide. DoD specific validation rules appear at “J5.5.1 DoD Specific Validations.”

(iii) FPDS Users Manual – This manual provides guidance on the various types of data entry screens and addresses whether a particular field is: [R] – requires contracting officer/buyer entry; [A] – pre-populated by FPDS or a contract writing system, if using machine-to-machine process; or [C] – calculated by FPDS for each type of data entry screen. However, the nature of the field is determined based on Governmentwide requirements. To determine DoD-specific requirements, refer to J3 “DoD Use Case Summary” in the FPDS Data Element Dictionary.

(2) *Reporting technical or policy issues.*

(i) *Technical issues.* To report an FPDS technical issue—

(A)(1) Users of the Standard Procurement System (SPS) should contact their local SPS Help Desk (authorized SPS caller);

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(2) Users of other contract writing systems should contact the local contract writing system administrator to determine the appropriate procedures; and

(3) Web users should contact their local system administrator, who will then contact the FPDS Help Desk; or

(B) If the issue is an obvious FPDS technical issue that needs to be documented and corrected by the system, the user should contact the FPDS Help Desk, by phone at 703-390-5360 or by e-mail at fpdssupport@gcefederal.com. When e-mailing the FPDS Help Desk, also send a copy to the applicable agency representative identified in paragraph (2)(iii) of this section.

(ii) *Policy issues.* Report policy issues to the applicable agency representative identified in paragraph (2)(iii) of this section.

(iii) *Agency representatives.* Department and component FPDS representatives and their contact information can be found on the DPAP website at http://www.acq.osd.mil/dpap/pdi/eb/federal_procurement_data_system_-_next_generation_fpds-ng.html under “Additional Resources.”

PGI 204.606 Reporting data.

(1) *Methods of reporting to FPDS.*

(i) *Individual contract action report (CAR) (one CAR per contract action).*

The normal method of reporting to FPDS is through the use of individual CARs. However, see paragraphs (1)(ii) and (iii) of this section for exceptions to individual reporting.

(ii) *Multiple CARs (more than one CAR per contract action).*

(A) Prepare multiple CARs if—

(1) The contract or order award is anticipated to include foreign military sales (FMS) funding in addition to non-FMS funding.

(2) The contract or order award includes line items with more than one type of contract pricing (e.g., fixed-price, cost-plus-fixed-fee) and at least two of the types of contract pricing have a dollar value greater than \$5,000,000 for that type. Use a separate CAR for each type of contract pricing arrangement.

(B) The determination of whether multiple CARs are needed for the situations described in (A) of this section is made when the contract or order is awarded. Contracting officers are not required to delete and re-enter CARs in FPDS as multiple CARs if, during

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the life of the contract or order, subsequent unanticipated modifications make the award eligible for multiple CARs.

(C) The following multiple CAR transaction identification numbers have been established for reporting multiple CARs and shall be used by all DoD contracting offices. Do not use transaction numbers other than '0' if the requirements for multiple CARs in (A) and (B) of this section do not apply at the time of contract or order award. When reporting modifications, include the transaction number that was reported on the initial base award in order to properly identify the referenced contract action report. If both situations described in PGI [204.606](#)(1)(ii)(A) exist, transaction numbers should be assigned based on FMS and non-FMS rather than by type of contract pricing arrangement.

Transaction Type	Transaction Number
No multiple CARs	0
DoD-Cost	1
DoD-Cost-Sharing	2
DoD-CPAF	3
DoD-CPFF	4
DoD-CPIF	5
DoD-FFP	6
DoD-FP-EPA	7
DoD-FP-LOE	8
DoD-FPAF	9
DoD-FPI	10
DoD-FPR	11
DoD-LH	12
DoD-TM	13
FMS	14
Non-DoD	15
Non-FMS	16
DoD	17

(iii) *Express reporting (consolidated reporting of multiple contract actions, to be submitted at least monthly).*

(A) Express reporting may be used for—

(1) Multiple contract actions against a single contract or agreement, when monthly volume of actions is such that individual contract action reporting is overly burdensome (e.g., orders placed by the Defense Commissary Agency for resale; installation housing maintenance; and recurring blanket purchase agreement actions);

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(2) Multiple contract actions accomplished away from the contracting office, such as ships away from home port; contingency, humanitarian, or peacekeeping operations; or other remote deployments;

(3) Multiple delivery orders that use the Governmentwide purchase card as both the method of purchase and payment under federal supply schedules, Governmentwide acquisition contracts (GWACs), blanket purchase agreements (BPAs), basic ordering agreements (BOAs), and other indefinite-delivery type contracts;

(4) Multiple contract actions for energy-related supplies and associated services accomplished by the Defense Logistics Agency (DLA) Energy; and

(5) Orders under communications service agreements for local dial tone services, in accordance with agency procedures.

(B) When express reports reflect more than one contractor for overseas actions or consolidated delivery orders made using the Government purchase card where identification of the contract or agreement is not possible, use the appropriate generic DUNS number.

(C) When express reports are used, sum all of the actions and enter in the 'Number of Actions' data field. Also sum all of the obligations and enter in the 'Action Obligation', 'Base and Exercised Options Value', and 'Base and All Options Value' data fields. Express reports must be submitted no less frequently than monthly.

(2) *Actions not reported.* In addition, to the types of actions listed in FAR 4.606(c), do not report the following types of actions to FPDS:

(i) Orders placed by ordering officers against indefinite-delivery vehicles awarded by—

(A) The United States Transportation Command (USTRANSCOM) or its components for decentralized transportation-related services. USTRANSCOM will report these orders. Contracting officers shall submit consolidated reports of orders (bookings/bills of lading) at least annually to USTRANSCOM; or

(B) The Defense Logistics Agency (DLA) Energy for energy-related supplies and associated services. DLA Energy will report these orders.

(ii) Contracts, agreements, or orders that are themselves classified.

(3) *Specific instructions for entering data in FPDS.*

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(i) Contracting officers shall choose the correct FPDS format (e.g., purchase order, basic ordering agreement (BOA), blanket purchase agreement (BPA)) to report the award of a new contract, agreement, or order. Note that prior to FY10, DoD offices reported BOAs and BPAs as Indefinite-Delivery Contracts (IDCs) in FPDS; BPA calls issued under those pre-FY10 reported BPAs are reported using the task/delivery order format in FPDS. BPA calls issued under DoD issued BPAs reported FY10 or later or any civilian agency issued BPA should be reported using the BPA call format.

(ii) The remaining instructions in this section cover the different sections of an FPDS contract action report, as presented to the user in the system. Not every data element is addressed here, as many are self-explanatory. Users should also consult the FPDS User Manual referenced in [PGI 204.602\(1\)\(iii\)](#) for more complete descriptions and examples. Also, the instructions in this section use data field names based on what is shown to the user while entering data in FPDS; for more specific information, review the FPDS Data Element Dictionary referenced in [PGI 204.602\(1\)\(i\)](#).

(iii) *FPDS Entry – Document Information Section.*

(A) Enter the new contract, agreement, or order number in the 'Procurement Identifier' data field. Note that new awards will be reflected as Modification 0 in FPDS.

(B) If the action is a BPA awarded against a Federal Supply Schedule, enter the Federal Supply Schedule contract number in the 'Referenced IDV' data field.

(C) If the action is a delivery order awarded against a Federal Supply Schedule, Governmentwide acquisition contract (GWAC), BOA, or other indefinite-delivery contract (IDC); enter that contract or BOA number in the 'Referenced IDV' data field.

(D) If the action is a BPA call awarded against a BPA, enter the BPA number in the 'Referenced IDV' data field.

(E) If the action is a modification, enter the contract, agreement, or order number in the 'Procurement Identifier' data field and the modification number in the 'Modification No' data field.

(F) If multiple reports are required by [PGI 204.606\(1\)\(ii\)](#), then enter the appropriate transaction number in the 'Trans No' data field.

(G) If the award is associated with a solicitation, enter the solicitation number in the 'Solicitation ID' data field.

(H) If the award is associated with an initiative identified in FPDS (e.g., American Recovery and Reinvestment Act), choose the appropriate value in the 'Initiative' data field.

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(iv) *FPDS Entry – Treasury Account Symbol (TAS) data fields.*

(A) The TAS is used in FPDS to identify the type of funding obligated on a contract action. Per guidance from the Office of Management and Budget, the TAS is used as the 'program source' data element required by the Federal Funding Accountability and Transparency Act.

(B) The TAS should be provided by the requiring organization with the purchase request, and is often part of the line of accounting. The list of valid TAS is maintained by the Department of Treasury in the FASTBook; an on-line version of the FASTBook is available at <http://www.fms.treas.gov/fastbook/index.html>. Each TAS reported to FPDS includes a character agency identifier and a four character main account code (example: 97 0100). Some TAS also require a three character subaccount code. Note that the Department of Treasury FASTBook indicates a transition from a two character agency identifier to a three character agency identifier, completing in FY14. However at this time, DoD contracting officers are advised to drop the leading zero (0) from a three character agency identifier, and enter the next two characters in FPDS (e.g., 097 becomes 97).

(C) Report the TAS on CARs for each contract action with an obligation amount other than \$0. The TAS that is reported on a CAR should represent the predominant type of funding in terms of absolute dollars obligated and deobligated on the specific contract action being reported.

(D) For contract actions awarded by working capital funds offices, and the original type of funds received from the customer are not tied to specific procurements or otherwise identifiable, use the TAS that represents the working capital funds provided.

(E) For contract actions funded by foreign governments, and those funds are not considered under the Foreign Military Financing Program identified by the Department of Treasury in its FASTBook, in order to report the action to FPDS using the code that most closely approximates the use of the funds, then enter—

(1) 97 0100 (Operation and Maintenance, Defense-Wide, Defense) as the TAS for requirements that can be categorized as operations and maintenance in nature;

(2) 97 0300 (Procurement, Defense-Wide) as the TAS for requirements that can be categorized as procurement in nature; or

(3) 97 0400 (Research, Development, Test, and Evaluation, Defense-Wide) as the TAS for requirements that can be categorized as research and development in nature.

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(F) USTRANSCOM should use 97 0100 (Operation and Maintenance, Defense-Wide, Defense) as the TAS when reporting the consolidated orders of from their decentralized transportation-related services contracts.

(G) Additional information regarding the TAS is available in Frequently Asked Questions on the DPAP website at <http://www.acq.osd.mil/dpap/> in the eBusiness / FPDS section.

(v) *FPDS Entry – Dates Section.*

(A) The 'Date Signed' data field represents the date the contracting officer signed or otherwise awarded the contract action. For actions where a verbal authorization to proceed was given prior to the signed contract action, use the date of the verbal authorization.

(B) The date entered in the 'Completion Date' data field shall be the latest period of performance / delivery date of all of the exercised line items on the contract or order. This data field must be updated on the contract action report used to report the modification whenever line items are added or exercised by modification that extend the period of performance / delivery date beyond what was previously entered, including the exercise of any option years.

(C) The date entered in the 'Est. Ultimate Completion Date' data field shall be the latest period of performance / delivery date of all line items on the contract or order, including unexercised line items and option years. This data field must be updated on the contract action report used to report the modification whenever line items are added or changed by modification that extend the period of performance/delivery date beyond what was previously entered.

(D) The date entered in the 'Last Date to Order' data field on indefinite-delivery contracts, BOAs, and BPAs shall be the last date allowed by the contract for the contractor to accept orders. This data field must be updated whenever this date is changed by modification from what was previously entered.

(vi) *FPDS Entry – Amounts Section.*

(A) When entering a net deobligation on a contract action, include the minus (-) sign.

(B) The amount entered in the 'Base and Exercised Options Value' for new awards shall be the total value of all the exercised line items on the contract or order regardless of whether they are partially or fully funded. This data field must be updated on the contract action report used to report the modification whenever the current value of the contract or order is changed by modification, including when options are exercised. When

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reporting such a modification, report the net value of the change itself in 'Current' field; FPDS will calculate the new total Base and Exercised Options Value.

(C) The amount entered in the 'Base and All Options Value' for new awards shall be the total potential value of the award (i.e., total price, total not-to-exceed amount, maximum award amount, etc), including the value of all unexercised line items and options. This data field must be updated on the contract action report used to report the modification whenever the total potential value is changed by modification. When reporting such a modification, report the net value of the change itself in 'Current' field; FPDS will calculate the new total Base and All Options Value.

(vii) *FPDS Entry – Purchaser Information Section.*

(A) Enter the contracting office's DoD Activity Address Code (DoDAAC) in as the 'Contracting Office ID' data field.

(B) If the requiring organization is a DoD organization, enter the DoDAAC for the requiring office in the 'Funding Office ID' data field. This is normally the DoDAAC that is included on the purchase request in the purchase request number. If the contract action is supporting working capital funded efforts and the specific requiring office is unknown, enter the DoDAAC for the working capital funded office.

(C) If the requiring organization is not a DoD organization, enter the Funding Office ID provided on the interagency agreement in the 'Funding Office ID' data field.

(viii) *FPDS Entry – Contractor Information Section.*

(A) Enter the DUNS number for the vendor in the 'DUNS No.' data field. This DUNS number will be used to pull the associated current record from the Central Contractor Registration (CCR) database.

(B) If a CCR exception applies to the procurement, ensure the correct exception is chosen from the 'CCR Exception' data field. In this case the DUNS number entered in the 'DUNS No.' data field will be used to pull the contractor's name and location information from Dun & Bradstreet's database.

(ix) *FPDS Entry – Contract Data Section.*

(A) On the contract action report used to report the base award, choose the type of contract pricing in the 'Type of Contract' data field that is applicable to the predominant amount of the action, based on the value of the line items. This value will automatically populate any subsequent contract action reports for modifications.

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(B) Enter '1' in the 'Number of Actions' data field unless using Express Reporting procedures described in [PGI 204.606\(1\)\(iii\)](#).

(x) *FPDS Entry – Legislative Mandates Section.*

(A) For the 'Clinger-Cohen Act', 'Service Contract Act', 'Walsh-Healey Act', and 'Davis Bacon Act'; answer 'Yes' if the acts apply to any of the line items on the award. For the 'Service Contract Act', 'Walsh-Healey Act', and 'Davis Bacon Act', choose 'Not Applicable' if the act itself is not applicable based on implementation requirements in the FAR for each act, or choose 'No' if the act is applicable, but the associated clauses were not included in the award. For the 'Clinger-Cohen Act', choose 'No' if either the Act is not applicable or the planning requirements from the act were not accomplished.

(B) If the contracting officer selects 'Other Statutory Authority' in the 'Interagency Contracting Authority', they must enter the name of the other authority in the associated text box.

(xi) *FPDS Entry – Principal Place of Performance Section.*

(A) For supplies, the data entered in this section shall reflect the predominant place where manufacturing occurred or where procured finished products were taken out of inventory. Do not enter the Government delivery location.

(B) For services, identify the location that represents the predominant place the services are performed. For services that start performance in one location and complete performance in a different location, such as transportation and cargo shipment services, the completion or destination location shall be entered. If the contract or order has multiple destination locations, enter the location where the predominant amount is being delivered.

(C) For place of performance based in the United States, ensure the zip code + 4 data element is entered. This will populate the city and state fields accordingly.

(xii) *FPDS Entry – Product or Service Information Section.*

(A) For the product or service code (PSC) data field choose the code that best represents the predominant amount of supplies or services being procured on the award. The list of active PSCs for use in FPDS reporting is available on the FPDS website under the 'Worksite' section under 'Reference'.

(B) For the principal NAICS code data field, enter the NAICS code that best represents the type of industry related to the predominant amount of supplies or services being procured on the award. If the award was a result of a solicitation that included any of the following provisions, use the NAICS code that was included in the provision: 52.204-8 'Annual Representations and Certifications', 52.212-3 'Offeror Representations and

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Certifications – Commercial Items’, or 52.219-1 ‘Small Business Program Representations’. The list of active NAICS codes for use in FPDS reporting is available on the FPDS website under the ‘Worksite’ section under ‘Reference’.

(C) For the place of manufacture data field, only choose Manufactured Outside the United States – Qualifying Country if the country of product or service origin is Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Egypt, France, Finland, Germany, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, or the United Kingdom. These are the only current qualifying countries.

(D) For the description of requirement data field, enter a short description of what is being procured by the action. This should be entered in plain English with no acronyms or military jargon such that the public can understand what is being acquired by the Department. When reporting modifications, do not use this field to explain what type of procurement process is accomplished (e.g., exercise option year, incremental funding); continue to address what is being procured.

(E) For the recovered materials/sustainability data field, choose the value from the list below that reflects the requirements of sustainability incorporated into the contract or order. If there is a combination of the attributes on the contract that does not exist in the list below, choose the one from the list that most closely reflects the situation on the contract.

(1) *FAR 52.223-4 included* – Use when the contract includes the requirement for recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation.

(2) *FAR 52.223-4 and 52.223-9 included* – Use when the contract includes the requirement for recovered materials in accordance with FAR subpart 23.4, provision 52.223-4 was included in the solicitation, and clause 52.223-9 is included in the contract.

(3) *No clauses included and no sustainability included* – Use when the contract includes neither requirements nor provisions/clauses for recovered materials or energy efficient, biobased, or environmentally preferable products or services.

(4) *Energy efficient* – Use when the contract includes the requirement for energy efficient products or services in accordance with FAR subpart 23.2.

(5) *Biobased* – Use when the contract includes the requirement for biobased products or services in accordance with FAR subpart 23.4.

(6) *Environmentally preferable* – Use when the contract includes the requirement for environmentally preferable products or services in accordance with FAR subpart 23.7.

(7) *FAR 52.223-4 and energy efficient* – Use when the contract includes the requirement for–

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(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Energy efficient products or services in accordance with FAR subpart 23.2.

(8) *FAR 52.223-4 and biobased* – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Biobased products or services in accordance with FAR subpart 23.4.

(9) *FAR 52.223-4 and environmentally preferable* – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(10) *FAR 52.223-4, biobased and energy efficient* – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Energy efficient products or services in accordance with FAR subpart 23.2; and

(iii) Biobased products or services in accordance with FAR subpart 23.4.

(11) *FAR 52.223-4, biobased and environmentally preferable* – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Biobased products or services in accordance with FAR subpart 23.4; and

(iii) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(12) *FAR 52.223-4, biobased, energy efficient and environmentally preferable* – Use when the contract includes the requirement for–

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(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Energy efficient products or services in accordance with FAR subpart 23.2;

(iii) Biobased products or services in accordance with FAR subpart 23.4; and

(iv) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(xiii) *FPDS Entry – Competition Information Section.*

(A) Indefinite-delivery vehicle (IDV) selection.

(1) *BPA* – use the BPA screen when awarding either a FAR part 8 or a FAR part 13 BPA. If the BPA is a FAR part 8 BPA, enter the Federal Supply Schedule number in the “Referenced IDV” field. NOTE: Orders placed under BPAs will use the BPA call screen.

(2) *BOA* – use the BOA screen when issuing a BOA. NOTE: Orders placed under BOAs will use the task and delivery order screen.

(3) *Indefinite-Delivery Contracts (IDC)* – Use the IDC screen when awarding a FAR part 16 task or delivery order contract. NOTE: Orders placed under IDCs will use the task and delivery order screen.

(B) Multiple or single award indefinite-delivery vehicles.

(1) *Multiple Award* – Select Multiple Award when the contract action is—

(i) One of several indefinite-delivery indefinite-quantity (IDIQ) contracts awarded under a single solicitation in accordance with FAR 16.504(c);

(ii) One of several blanket purchase agreements BPAs awarded against a Federal Supply Schedule in accordance with FAR 8.405-3;

(iii) Any other IDIQ contract that an agency enters into with two or more sources under the same solicitation that requires contracting officers to compare or compete their requirements among several vendors; or

(iv) A part 13 BPA or Blanket Ordering Agreement (BOA) with multiple awards.

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NOTE: The requirement to report on fair opportunity is not triggered by the selection of multiple awards for part 13 BPAs or BOAs.

(2) *Single Award* – Select Single Award when the contract does not satisfy the above criteria for a multiple award.

(C) Solicitation procedures. Select the appropriate entry from the following list:

(1) *Simplified Acquisition* – Report this code for competitive and noncompetitive contract actions that used simplified acquisition procedures in accordance with FAR part 13, to include acquisitions using the Commercial Items Test Program. However, if the action is noncompetitive and the reason for other than full and open competition is other than “Authorized by Statute”, “Authorized Resale”, or “SAP Noncompetition”, then enter “Only One Source Solicited” as the solicitation procedure. (Note that most times when in conflict, the reason for other than full and open competition takes precedence over the type of solicitation procedure used.)

(2) *Only One Source Solicited* – Use this code if no solicitation procedure was used or only one source is solicited for the action.

(3) *Negotiated Proposal/Quote* – Use this code for competitive contract actions that use negotiated procedures (FAR parts 12, 13, or 15).

(4) *Sealed Bid* – Use this code for contract actions using sealed bid procedures (FAR part 14).

(5) *Two Step* – Use this code for contract actions that use a combination of sealed bids and negotiated procedures (FAR 6.102).

(6) *Architect-Engineer FAR 6.102* – Use this code if the action resulted from selection of sources for architect-engineer contracts pursuant to FAR 6.102(d)(1).

(7) *Basic Research* – Use this code if the action resulted from a competitive selection of basic research proposals pursuant to FAR 6.102(d)(2).

(8) *Alternative Sources* – Use this code if the action resulted from use of procedures that provided for full and open competition after exclusion of sources to establish or maintain alternative sources pursuant to FAR 6.202.

(9) *Subject to Multiple Award Fair Opportunity* –FPDS will automatically populate this entry for orders placed against multiple award contracts (to include Federal Supply Schedules) and FAR part 8 BPAs (and orders issued under such BPAs that are subject to fair opportunity pursuant to DFARS [208.405-70](#) or FAR 16.505/DFARS [216.505-70](#)).

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(D) Extent Competed. Select the appropriate entry from the following list. The extent competed for any modification or order against a task or delivery order contract pulls from the basic contract.

(1) *Competed under SAP* – Report this for competitive contract actions that were awarded using FAR part 13 Simplified Acquisition Procedures (i.e., solicitation procedures were “Simplified Acquisition”), to include for the Commercial Item Test Program.

(2) *Full and Open Competition (F&OC)* – Report this if the contract action resulted from an award pursuant to FAR 6.102(a), Sealed bids; FAR 6.102(b), Competitive proposals; FAR 6.102(c), Combination; or any other competitive method that did not exclude sources of any type.

(3) *F&OC after Exclusion of Sources* – Report this when sources are excluded before competition. (Note: This terminology is broader than FAR subpart 6.2, which includes set-aside actions and actions to establish or maintain alternate sources, in that it also includes actions justified by a justification and approval that provided for competition).

(4) *Not Available for Competition* – Report this if the contract action is not available for competition (i.e., contract actions where the solicitation procedure was “Only One Source” and the reason not competed is “Authorized by Statute,” “International Agreement,” “Utilities,” or “Authorized Resale.”) Note that sole source set-asides for 8a firms, HUBZone firms, and service-related disabled veteran-owned concerns should always be identified as “Authorized by Statute” as the reason for other than full and open competition.

(5) *Not Competed under SAP* – Report this for non-competitive contract actions that were awarded using FAR part 13 Simplified Acquisition Procedures (i.e., solicitation procedures were “Simplified Acquisition”).

(6) *Not Competed* – Report this when the contract action is not competed and the solicitation procedures are “Only One Source.”

(E) Fair Opportunity/Limited Sources. This field is the basis for determining whether competition is provided for on orders placed against multiple-award contracts (to include DoD contracts, Governmentwide Acquisition Contracts, Federal Supply Schedules, and BPAs issued under the Federal Supply Schedules). If a Federal Supply Schedule contract or a Governmentwide multiple-award contract is not coded as a multiple-award vehicle, thereby preventing completion of this field, the FPDS user should advise the agency FPDS so that the contracting office for the multiple-award contract can be notified and pursue correction.

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(1) *Urgency* – Report this if the action was justified pursuant to FAR 8.405-6(b)(3) or FAR 16.505(b)(2)(i)(A).

(2) *Only One Source* – Other – Report if the action was justified pursuant to FAR 8.405-6(b)(1) or FAR 16.505(b)(2)(i)(B).

(3) *Follow-On Delivery Order Following Competitive Initial Order* – Report this if the action was justified pursuant to FAR 8.405-6(b)(2) or FAR 16.505(b)(2)(i)(C).

(4) *Minimum Guarantee* – Report this if it was necessary to place an order to satisfy a minimum amount guaranteed to the contractor. See FAR 16.505(b)(2)(i)(D).

(5) *Other Statutory Authority* – Report this if a statute expressly authorizes or requires that the purchase be made from a specified source. See DFARS [208.405-70\(b\)\(1\)](#) or DFARS [216.505-70\(b\)\(1\)](#).

(6) *No Exception – Fair Opportunity Given* – Report this if fair opportunity was given pursuant to DFARS [208.405-70](#) or FAR 16.505(b)(1)(i)/DFARS [216.505-70](#).

(xiv) *FPDS Entry – Preference Programs / Other Data Section.*

(A) When entering a new contract, purchase order, or agreement award in FPDS, contracting officers shall ensure they appropriately choose ‘Small Business’ or ‘Other than Small Business’ in the Contracting Officer’s Determination of Business Size data field according to the NAICS code applied to the award, its associated size standard, and the contractor’s response to provision 52.212-3 or 52.219-1. The contracting officer shall enter ‘Other than Small Business’ for awards where the contractor has not certified to its status in one of these provisions.

(B) If the Contracting Officer’s Determination of Business Size data field is completed with ‘Small Business’, the contractor’s other socio-economic information that it has entered or the Small Business Administration (SBA) has provided to the Central Contractor Registration (CCR) database will be included in the contract action report. This includes designations such as SBA-Certified 8(a), Women-owned Small Business, Service Disabled Veteran Owned.

(C) Contracting officers will not be allowed to identify types of set-asides in FPDS unless the Contracting Officer’s Determination of Business Size is completed with ‘Small Business’ and other required socio-economic designations are present in the contractor’s CCR record (e.g., contractor must have the SBA-Certified 8(a) designation in order to identify an 8(a) type set-aside in FPDS).

(D) All subsequent modifications and delivery orders under the initial award will be automatically populated with the same designations.

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(4) Reporting modifications to FPDS.

(i) Modifications against previously reported contracts, agreements, and orders are required to be reported to FPDS if they include any obligation or deobligation amount. They are also required to be reported to FPDS if there is no obligation or deobligation amount and involve a change to the data reported in any data field in the contract action report (e.g., vendor name, completion date, place of performance).

(ii) Contracting officers should choose the Reason for Modification value that best represents the purpose of the modification action. A modification issued after physical completion of the contract, including those modifications to simply deobligate remaining unused funds, should be identified as 'Close Out' on the contract action report unless another value (such as 'Vendor Address Change') is more applicable. The values 'Funding Only Action' and 'Other Administration Action' should be used only when another value does not apply.

(iii) DoD offices shall not use the 'Transfer Action' value in the Reason for Modification field unless transferring the contract to a non-DoD contracting office (e.g., Department of Interior).

(iv) Modifications for novations (see FAR subpart 42.12 and DFARS subpart [242.12](#)) shall use 'Novation Agreement' in the Reason for Modification field.

(A) When this value is used, the contracting officer must enter the appropriate DUNS number for the contractor in the modification contract action report. FPDS will then bring over the current vendor name and address from the contractor's CCR record for that DUNS number into the modification contract action report. Subsequent contract action reports will show the updated DUNS number and vendor name.

(B) When this value is used, FPDS also allows the contracting officer to update the Contracting Officer's Determination of Business Size data field. The contracting officer shall ensure that the contractor's current size status is appropriately recorded on the modification contract action report. Subsequent contract action reports will reflect the size entered on this modification contract action report (see FAR subparts 19.301-2 and 19.301-3).

(v) Modifications for contractor name changes that do not require a novation (see FAR subpart 42.12 and DFARS subpart [242.12](#)) shall use 'Vendor DUNS Change' in the Reason for Modification field. When this value is used, the contracting officer must enter the appropriate DUNS number for the contractor in the modification contract action report. FPDS will then bring over the current vendor name and address from the contractor's CCR record for that DUNS number into the modification contract action report. Subsequent contract action reports will show the updated DUNS number and vendor name.

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(vi) Modifications for contractor address changes that do not require a novation shall use 'Vendor Address Change' in the Reason for Modification field. When this value is used, FPDS will bring over the current address from the contractor's CCR record into the modification contract action report. Subsequent contract action reports will show the updated address.

(vii) Modifications for re-representation actions (see FAR subparts 19.301-2 and 19.301-3) shall use either 'Re-representation' or 'Re-representation of Non-Novated Merger/Acquisition', as appropriate, in the Reason for Modification field. When this value is used, FPDS allows the contracting officer to update the Contracting Officer's Determination of Business Size data field. The contracting officer shall ensure that the contractor's current size status is appropriately recorded on the modification contract action report. Subsequent contract action reports will reflect the size entered on this modification contract action report.

(5) Reporting delivery orders where the Governmentwide purchase card is both the method of purchase and payment.

(i) Open-market purchases (not under a federal schedule, agreement, or contract) made with the Governmentwide purchase card are not required to be reported to FPDS when the value is less than the micropurchase threshold.

(ii) Purchases made using the Governmentwide purchase card as the method of both purchase and payment under federal schedules, agreements, or contracts are required to be reported to FPDS regardless of value. Contracting offices shall ensure all such purchases made by their authorized cardholders are reported to FPDS no less frequently than monthly. Any individual purchase valued greater than \$25,000 must be reported individually to FPDS. For individual purchases valued less than \$25,000, there are three acceptable methods for reporting to FPDS. They are, in preferred order of use—

(A) Report each order individually to FPDS;

(B) Report a consolidated express report to FPDS using the delivery order or BPA call format that references the individual contract or BPA, respectively; or

(C) Report a consolidated express report to FPDS using the purchase order format that uses the generic DUNS 136721250 for 'GPC Consolidated Reporting' or 136721292 for 'GPC Foreign Contractor Consolidated Reporting', as appropriate, as the identifier.

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(Revised December 31, 2012)

PGI 215.4—CONTRACT PRICING

PGI 215.402 Pricing policy.

(1) Contracting officers must purchase supplies and services from responsible sources at fair and reasonable prices. The Truth in Negotiations Act (TINA) (10 U.S.C. 2306a and 41 U.S.C. chapter 35) requires offerors to submit certified cost or pricing data if a procurement exceeds the TINA threshold and none of the exceptions to certified cost or pricing data requirements applies. Under TINA, the contracting officer obtains accurate, complete, and current data from offerors to establish a fair and reasonable price (see FAR 15.403). TINA also allows for a price adjustment remedy if it is later found that a contractor did not provide accurate, complete, and current data.

(2) When certified cost or pricing data are not required, and the contracting officer does not have sufficient data to determine price reasonableness, FAR 15.402(a)(2) requires the offeror to provide whatever data the contracting officer needs in order to determine fair and reasonable prices.

(3) Obtaining sufficient data from the offeror is particularly critical in situations where an item is determined to be a commercial item in accordance with FAR 2.101 and the contract is being awarded on a sole source basis. This includes commercial sales data of items sold in similar quantities and, if such data is insufficient, cost data to support the proposed price.

(4) See [PGI 215.404-1](#) for more detailed procedures for obtaining data needed to determine fair and reasonable prices.

PGI 215.403 Obtaining certified cost or pricing data.

PGI 215.403-1 Prohibition on obtaining certified cost or pricing data (10 U.S.C. 2306a and 41 U.S.C. chapter 35).

(b) *Exceptions to certified cost or pricing data requirements.* Even if an exception to certified cost or pricing data applies, the contracting officer is still required to determine price reasonableness. In order to make this determination, the contracting officer may require data other than certified cost or pricing data, including data related to prices and cost data that would otherwise be defined as certified cost or pricing data if certified.

(c)(3) *Commercial items.*

(A)(1) Contracting officers must exercise care when pricing a commercial item, especially in sole source situations. The definition of a commercial item at FAR 2.101 requires the product or service be one—

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(i) That is of a type customarily used by the general public or by non-governmental entities for other than governmental purposes; and

(ii) That—

(A) Has been sold, leased, or licensed to the general public;

(B) Has been offered for sale, lease, or license to the general public; or

(C) Has evolved or been modified from such products or services.

(2) Therefore, some form of prior non-government sales data, or the fact that the item was sold, leased, licensed, or offered for sale (either the specific product or service or the product or service from which the item evolved) must be obtained.

(3) The fact that an item has been determined to be a commercial item does not, in and of itself, prohibit the contracting officer from requiring data other than certified cost or pricing data. This includes data related to prices and cost data that would otherwise be defined as certified cost or pricing data if certified. Obtaining sufficient data from the offeror is particularly critical in situations where an item is determined to be a commercial item in accordance with FAR 2.101 and the contract is being awarded on a sole source basis. See [PGI 215.404-1](#) for more detailed procedures for use when obtaining data from the offeror to determine price reasonableness.

(B)(1) *Report Content*. The annual report of commercial item exceptions to Truth in Negotiations Act (TINA) requirements shall include the following:

Title: Commercial Item Exceptions to TINA Requirements

(1) Contract number, including modification number, if applicable, and program name.

(2) Contractor name.

(3) Contracting activity.

(4) Total dollar amount of exception.

(5) Brief explanation of the basis for determining that the item(s) are commercial.

(6) Brief description of the specific steps taken to ensure price

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reasonableness.

(2) *Pricing Actions Reported.* The intent of this requirement is to report when a commercial item exception was determined. Therefore, the reporting of the commercial item exceptions are for pricing actions at the point the contracting officer makes a determination that the commercial item exception applies. For example—

Example 1: The contracting officer determined that a commercial item exception applies for an entire indefinite-delivery indefinite-quantity (IDIQ) contract and expected the subsequent orders to exceed \$15 million (based on the estimated maximum amount for the IDIQ or other supportable estimate of future orders). The organization would report this in accordance with DFARS [215.403-1\(c\)\(3\)](#) for the period in which the IDIQ contract was awarded, and would include the total dollar amount of subsequent orders under the exception expected at the time of award.

Example 2: The contracting officer awards an IDIQ contract with no commercial item exceptions anticipated. The contracting officer later modifies the contract for an order that will meet commercial item exceptions, and the subsequent order(s) are expected to exceed \$15 million. Reporting (in the year the modification was issued) will include this IDIQ contract, the amount of this order, and any other expected future orders that will use the exception.

(i) For the above examples, after the contract is reported as receiving the exception with expected awards over \$15 million, there would be no further report, e.g., when a subsequent order under that contract exceeds \$15 million, because reporting for that contract was already accomplished.

(ii) When explaining price reasonableness in accordance with paragraph (c)(3)(B)(1)(6) of this subsection, if pricing was accomplished when the IDIQ contract was awarded, also explain how price reasonableness was determined. In circumstances where pricing will take place on the order at a future date, explain how pricing techniques at FAR 15.404-1 will be used, including obtaining cost data, if that is the only way to determine price reasonableness.

(4) *Waivers.*

(A) *Exceptional case TINA waiver.*

(1) In determining that an exceptional case TINA waiver is appropriate, the head of the contracting activity must exercise care to ensure that the supplies or services could not be obtained without the waiver and that the determination is clearly documented. [See DPAP March 23, 2007, policy memorandum.](#) The intent is not to relieve entities that normally perform Government contracts subject to TINA from an obligation to certify that cost or pricing data are accurate, complete, and current. Instead,

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waivers must be used judiciously, in situations where the Government could not otherwise obtain a needed item without a waiver. A prime example would be when a particular company offers an item that is essential to DoD's mission but is not available from other sources, and the company refuses to submit certified cost or pricing data. In such cases, a waiver may be appropriate. However, the procuring agency should, in conjunction with the waiver, develop a strategy for procuring the item in the future that will not require such a waiver (e.g., develop a second source, develop an alternative product that satisfies the department's needs, or have DoD produce the item).

(2) *Senior procurement executive coordination.* An exceptional case TINA waiver that exceeds \$100 million shall be coordinated with the senior procurement executive prior to granting the waiver.

(3) *Waiver for part of a proposal.* The requirement for submission of certified cost or pricing data may be waived for part of an offeror's proposed price when it is possible to clearly identify that part of the offeror's cost proposal to which the waiver applies as separate and distinct from the balance of the proposal. In granting a partial waiver, in addition to complying with the requirements in DFARS [215.403-1\(c\)\(4\)](#), the head of the contracting activity must address why it is in the Government's best interests to grant a partial waiver, given that the offeror has no objection to certifying to the balance of its cost proposal.

(4) *Waivers for unpriced supplies or services.* Because there is no price, unpriced supplies or services cannot be subject to cost or pricing data certification requirements. The Government cannot agree in advance to waive certification requirements for unpriced supplies or services, and may only consider a waiver at such time as an offeror proposes a price that would otherwise be subject to certification requirements.

(B) The annual report of waiver of TINA requirements shall include the following:

Title: Waiver of TINA Requirements

(1) Contract number, including modification number, if applicable, and program name.

(2) Contractor name.

(3) Contracting activity.

(4) Total dollar amount waived.

(5) Brief description of why the item(s) could not be obtained without a waiver. [See DPAP March 23, 2007, policy memorandum.](#)

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(6) Brief description of the specific steps taken to ensure price reasonableness.

(7) Brief description of the demonstrated benefits of granting the waiver.

PGI 215.403-3 Requiring data other than certified cost or pricing data.

To the extent that certified cost or pricing data are not required by FAR 15.403-4 and there is no other means for the contracting officer to determine that prices are fair and reasonable, the offeror is required to submit “data other than certified cost or pricing data” (see definition at FAR 2.101). In accordance with FAR 15.403-3(a), the offeror must provide appropriate data on the prices at which the same or similar items have previously been sold, adequate for determining the reasonableness of the price. The following clarifies these requirements:

(1) *Data other than certified cost or pricing data.* When certified cost or pricing data are not required, the contracting officer must obtain whatever data is necessary in order to determine the reasonableness of the price. The FAR defines this as “data other than certified cost or pricing data.” When TINA does not apply and there is no other means of determining that prices are fair and reasonable, the contracting officer must obtain appropriate data on the prices at which the same or similar items have been sold previously, adequate for evaluating the reasonableness of the price. Sales data must be comparable to the quantities, capabilities, specifications, etc., of the product or service proposed. Sufficient steps must be taken to verify the integrity of the sales data, to include assistance from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other agencies if required. See [PGI 215.404-1](#) for more detailed procedures for obtaining data from offerors to determine price reasonableness.

(2) *Previously been sold.* Contracting officers shall request offerors to provide data related to prior sales (or “offered for sale”) in support of price reasonableness determinations.

(3) *Adequacy of sales data for pricing.* The contracting officer must determine if the prior sales data is sufficient for determining that prices are fair and reasonable. If the sales data is not sufficient, additional data shall be obtained, including cost data if necessary. See [PGI 215.404-1](#) for more detailed procedures for obtaining whatever data is needed to determine fair and reasonable prices.

(4) *Reliance on prior prices paid by the Government.* Before relying on a prior price paid by the Government, the contracting officer must verify and document that sufficient analysis was performed to determine that the prior price was fair and reasonable.

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Sometimes, due to exigent situations, supplies or services are purchased even though an adequate price or cost analysis could not be performed. The problem is exacerbated when other contracting officers assume these prices were adequately analyzed and determined to be fair and reasonable. The contracting officer also must verify that the prices previously paid were for quantities consistent with the current solicitation. Not verifying that a previous analysis was performed, or the consistencies in quantities, has been a recurring issue on sole source commercial items reported by oversight organizations. Sole source commercial items require extra attention to verify that previous prices paid on Government contracts were sufficiently analyzed and determined to be fair and reasonable. At a minimum, a contracting officer reviewing price history shall discuss the basis of previous prices paid with the contracting organization that previously bought the item. These discussions shall be documented in the contract file.

(5) *Canadian Commercial Corporation.* All contracts with the Canadian Commercial Corporation (CCC) are placed in accordance with the practices, policies and procedures of the Government of Canada covering procurement for defense purposes (see [PGI 225.870](#)). Contracting Officers may rely on the confirmation and endorsement of the offer from the Canadian Commercial Corporation at [225.870-3\(a\)](#) as an endorsement of the cost/price as no more than would be charged to the Canadian government.

(i) When [252.215-7003](#) or [252.215-7004](#) are included in a solicitation with the Canadian Commercial Corporation, the data required by paragraph (b)(i) and (ii), in concert with the confirmation and endorsement of the offer, is intended to meet the requirements of FAR 15.404-1 for documentation of fair and reasonable pricing.

(ii) Use of [252.215-7003](#) or [252.215-7004](#) in sole source acquisitions not meeting the threshold at [215.408\(3\)\(i\)\(A\)](#) or (ii)(A)(1) or competitive acquisitions at any dollar value shall be supported by a determination and finding justifying the anticipated need for data other than certified cost or pricing data to determine a fair and reasonable price.

(iii) When the contracting officer anticipates the need for additional data to establish a fair and reasonable price, specific data should be requested at time of solicitation as detailed in DFARS [252.215-7003](#).

(iv) Examples of clause use:

Scenario	Requirement
Sole source to CCC, fixed price, with estimated value of \$600 million.	Include provision and clause in accordance with 215.408(3)(i)(A)(2) and (ii)(A)(1)(ii), respectively, because estimated value exceeds \$500 million.
Sole source to CCC, cost reimbursement,	Include provision and clause in

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with estimated value of \$800,000.	accordance with 215.408(3)(i)(A)(1) and (ii)(A)(1)(i), respectively, because estimated value exceeds \$700,000.
Sole source to CCC ,cost-reimbursement, with estimated value of \$500,000.	Do not include provision and clause, unless D&F is approved in accordance with 215.408(3)(i)(B) and (ii)(A)(2)), respectively, because estimated value does not exceed \$700.000.
Sole source to CCC ,fixed price, with estimated value of \$800,000	Do not include provision and clause, unless D&F is approved in accordance with 215.408(3)(i)(B) and (ii)(A)(2)), respectively, because estimated value does not exceed \$500 million.
Modifications to contracts that include the clause 252.215-7004 .	If 252.215-7004 is included in the contract, then data are required for modifications valued above the simplified acquisition threshold, or a higher threshold specified in the solicitation by the contracting officer, in accordance with 252.215-7004(b) .

PGI 215.404 Proposal analysis.

PGI 215.404-1 Proposal analysis techniques.

(a) *General.*

(i) The objective of proposal analysis is to ensure that the final agreed-to price is fair and reasonable. When the contracting officer needs data to determine price reasonableness and the offeror will not furnish that data, use the following sequence of steps to resolve the issue:

(A) The contracting officer should make it clear what data is required and why it is needed to determine fair and reasonable prices, and should be flexible in requesting data in existing formats with appropriate explanations from the offeror.

(B) If the offeror refuses to provide the data, the contracting officer should elevate the issue within the contracting activity.

(C) Contracting activity management shall, with support from the contracting officer, discuss the issue with appropriate levels of the offeror's management.

(D) If the offeror continues to refuse to provide the data, contracting activity management shall elevate the issue to the head of the contracting activity for a decision in accordance with FAR 15.403-3(a)(4).

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(E) The contracting officer shall document the contract file to describe—

(1) The data requested and the contracting officer's need for that data;

(2) Why there is currently no other alternative but to procure the item from this particular source; and

(3) A written plan for avoiding this situation in the future (e.g., develop a second source by...; bring the procurement in house to the Government by...).

(F) Consistent with the requirements at FAR 15.304 and 42.1502 and the DoD Guide to Collection and Use of Past Performance Information, Version 3, dated May 2003, the contracting officer shall provide input into the past performance system, noting the offeror's refusal to provide the requested information.

(ii) In some cases, supplies or services that are not subject to TINA may require a cost analysis (see paragraph (b)(iv) of this section). This will occur when a price analysis is not sufficient for determining prices to be fair and reasonable. In such cases, the contracting officer should consider the need for a Defense Contract Audit Agency audit of the cost data.

(iii) Particular attention should be paid to sole source commercial supplies or services. While the order of preference at FAR 15.402 must be followed, if the contracting officer cannot determine price reasonableness without obtaining data other than cost or pricing data from the offeror, at a minimum, the contracting officer must obtain appropriate data on the prices at which the same or similar items have been sold previously (often previous sales data was the basis of the commercial item determination and must be requested during price analysis of the data provided by the offeror). If previous sales data is not sufficient to determine price reasonableness, the contracting officer must obtain "data other than certified cost or pricing data" and, if necessary, perform a cost analysis.

(b) *Price analysis.*

(i) Price analysis should generally be performed on supplies or services that are not subject to TINA. Available commercial sales, published catalogs or prices, etc., can sometimes be obtained through market research and can provide a basis for determining if the proposed prices are fair and reasonable.

(ii) In some cases, commercial sales are not available and there is no other market data for determining fair and reasonable prices. This is especially true when buying supplies or services that have been determined to be commercial, but have only

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been “offered for sale” or purchased on a sole source basis with no prior commercial sales upon which to rely. In such cases, the contracting officer must require the offeror to submit whatever cost data is needed to determine price reasonableness.

(iii) The following procedures shall be adhered to when executing the price analysis steps at FAR 15.404-1(b)(2):

(A) When the contracting officer is relying on data obtained from sources other than the offeror, the contracting officer must obtain and document sufficient data to confirm that previous prices paid by the Government were based on a thorough price and/or cost analysis. For example, it would not be sufficient to use price(s) from a database paid by another contracting officer without understanding the type of analysis that was performed to determine the price(s), and without verifying that the quantities were similar for pricing purposes. This does not necessarily need to be another analysis, but there should be coordination with the other office that acknowledges an analysis was performed previously.

(B) When purchasing sole source commercial items, the contracting officer must request non-Government sales data for quantities comparable to those in the solicitation. In addition, if there have not been any non-Government sales, “data other than certified cost or pricing data” shall be obtained and a price or cost analysis performed as required.

(iv) When considering advice and assistance from others, the contracting officer must pay particular attention to supplies or services that are not subject to TINA because they are “of a type” customarily used by the general public or “similar to” the item being purchased. There must be a thorough analysis of—

(A) The available price data for the similar-type item;

(B) The changes required by the solicitation; and

(C) The cost of modifying the base item.

(v) In some cases, the contracting officer will have to obtain “data other than certified cost or pricing data” from the offeror because there is not sufficient data from other sources to determine if prices are fair and reasonable. The contracting officer must use business judgment to determine the level of data needed from the offeror, but must ensure that the data is sufficient for making a reasonableness determination. For example, the offeror may have significant sales of the item in comparable quantities to non-Government entities, and that may be all the data needed, once the sales data is appropriately verified. On the other hand, there may be no non-Government sales and the contracting officer may be required to obtain cost data, and should do so. The request for additional data shall be limited to only that needed to determine prices to be fair and

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reasonable. For example, assume the proposal is 40 percent purchase parts, 30 percent labor, and the balance indirect rates. Also assume that the Defense Contract Management Agency (DCMA) has a forward pricing rate agreement with the offeror. It may be sufficient to limit requests to historical purchase records and/or vendor quotes and the proposed labor hours. Based on this data and the forward pricing rates from DCMA, the contracting officer may be able to determine price reasonableness.

(c) *Cost analysis.*

(i) When the contracting officer cannot obtain sufficient data to perform a price analysis in accordance with the pricing steps in FAR 15.404-1(b), a cost analysis is required.

(ii) When a solicitation is not subject to TINA and a cost analysis is required, the contracting officer must clearly communicate to the offeror the cost data that will be needed to determine if the proposed price is fair and reasonable.

(iii) To the extent possible, when cost or pricing data are not required to be submitted in accordance with Table 15-2 of FAR 15.408, the contracting officer should accept the cost data in a format consistent with the offeror's records.

(iv) The contracting officer must always consider the need for field pricing support from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other agencies.

(e) *Technical analysis.*

Requesting technical assistance is particularly important when evaluating pricing related to items that are “similar to” items being purchased or commercial items that are “of a type” or require “minor modifications.” Technical analysis can assist in pricing these types of items by identifying any differences between the item being acquired and the “similar to” item. In particular, the technical review can assist in evaluating the changes that are required to get from the “similar to” item, to the item being solicited, so the contracting officer can determine sufficient price/cost analysis techniques when evaluating that the price for the item being solicited is fair and reasonable.

PGI 215.404-2 Data to support proposal analysis.

(a) *Field pricing assistance.*

(i) The contracting officer should consider requesting field pricing assistance (See [PGI 215.404-2\(c\)](#) for when audit assistance should be requested) for—

(A) Fixed-price proposals exceeding the certified cost or pricing data

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threshold;

(B) Cost-type proposals exceeding the certified cost or pricing data threshold from offerors with significant estimating system deficiencies (see DFARS [215.407-5-70](#)(a)(4) and (c)(2)(i)); or

(C) Cost-type proposals exceeding \$10 million from offerors without significant estimating system deficiencies.

(ii) The contracting officer should not request field pricing support for proposed contracts or modifications in an amount less than that specified in paragraph (a)(i) of this subsection. An exception may be made when a reasonable pricing result cannot be established because of—

(A) A lack of knowledge of the particular offeror; or

(B) Sensitive conditions (e.g., a change in, or unusual problems with, an offeror's internal systems).

(c) *Audit assistance for prime contracts or subcontracts.*

(i) The contracting officer should consider requesting audit assistance from DCAA for—

(A) Fixed-price proposals exceeding \$10 million;

(B) Cost-type proposals exceeding \$100 million.

(ii) The contracting officer should not request DCAA audit assistance for proposed contracts or modifications in an amount less than that specified in paragraph (c)(i) of this subsection unless there are exceptional circumstances explained in the request for audit. (See [PGI 215.404-2](#)(a)(i) for requesting field pricing assistance without a DCAA audit.)

(iii) If, in the opinion of the contracting officer or auditor, the review of a prime contractor's proposal requires further review of subcontractors' cost estimates at the subcontractors' plants (after due consideration of reviews performed by the prime contractor), the contracting officer should inform the administrative contracting officer (ACO) having cognizance of the prime contractor before the review is initiated.

(iv) Notify the appropriate contract administration activities when extensive, special, or expedited field pricing assistance will be needed to review and evaluate subcontractors' proposals under a major weapon system acquisition. If audit reports are received on contracting actions that are subsequently cancelled, notify the cognizant auditor in writing.

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(v) Requests for audit assistance for subcontracts should use the same criteria as established in paragraphs (c)(i) and (c)(ii) of this subsection.

PGI 215.404-3 Subcontract pricing considerations.

(a) The contracting officer should consider the need for field pricing analysis and evaluation of lower-tier subcontractor proposals, and assistance to prime contractors when they are being denied access to lower-tier subcontractor records.

(i) When obtaining field pricing assistance on a prime contractor's proposal, the contracting officer should request audit or field pricing assistance to analyze and evaluate the proposal of a subcontractor at any tier (notwithstanding availability of data or analyses performed by the prime contractor) if the contracting officer believes that such assistance is necessary to ensure the reasonableness of the total proposed price. Such assistance may be appropriate when, for example—

(A) There is a business relationship between the contractor and the subcontractor not conducive to independence and objectivity;

(B) The contractor is a sole source supplier and the subcontract costs represent a substantial part of the contract cost;

(C) The contractor has been denied access to the subcontractor's records;

(D) The contracting officer determines that, because of factors such as the size of the proposed subcontract price, audit or field pricing assistance for a subcontract at any tier is critical to a fully detailed analysis of the prime contractor's proposal;

(E) The contractor or higher-tier subcontractor has been cited for having significant estimating system deficiencies in the area of subcontract pricing, especially the failure to perform adequate cost analyses of proposed subcontract costs or to perform subcontract analyses prior to negotiation of the prime contract with the Government; or

(F) A lower-tier subcontractor has been cited as having significant estimating system deficiencies.

(ii) It may be appropriate for the contracting officer or the ACO to provide assistance to a contractor or subcontractor at any tier, when the contractor or higher-tier subcontractor has been denied access to a subcontractor's records in carrying out the responsibilities at FAR 15.404-3 to conduct price or cost analysis to determine the

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reasonableness of proposed subcontract prices. Under these circumstances, the contracting officer or the ACO should consider whether providing audit or field pricing assistance will serve a valid Government interest.

(iii) When DoD performs the subcontract analysis, DoD shall furnish to the prime contractor or higher-tier subcontractor, with the consent of the subcontractor reviewed, a summary of the analysis performed in determining any unacceptable costs included in the subcontract proposal. If the subcontractor withholds consent, DoD shall furnish a range of unacceptable costs for each element in such a way as to prevent disclosure of subcontractor proprietary data.

(iv) Price redeterminable or fixed-price incentive contracts may include subcontracts placed on the same basis. When the contracting officer wants to reprice the prime contract even though the contractor has not yet established final prices for the subcontracts, the contracting officer may negotiate a firm contract price—

(A) If certified cost or pricing data on the subcontracts show the amounts to be reasonable and realistic; or

(B) If certified cost or pricing data on the subcontracts are too indefinite to determine whether the amounts are reasonable and realistic, but—

(1) Circumstances require prompt negotiation; and

(2) A statement substantially as follows is included in the repricing modification of the prime contract:

As soon as the Contractor establishes firm prices for each subcontract listed below, the Contractor shall submit (in the format and with the level of detail specified by the Contracting Officer) to the Contracting Officer the subcontractor's cost incurred in performing the subcontract and the final subcontract price. The Contractor and the Contracting Officer shall negotiate an equitable adjustment in the total amount paid or to be paid under this contract to reflect the final subcontract price.

(v) If the selection of the subcontractor is based on a trade-off among cost or price and other non-cost factors rather than lowest price, the analysis supporting subcontractor selection should include a discussion of the factors considered in the selection (also see FAR 15.101 and 15.304 and DFARS [215.304](#)). If the contractor's analysis is not adequate, return it for correction of deficiencies.

(vi) The contracting officer shall make every effort to ensure that fees

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negotiated by contractors for cost-plus-fixed-fee subcontracts do not exceed the fee limitations in FAR 15.404-4(c)(4).

PGI 215.404-70 DD Form 1547, Record of Weighted Guidelines Method Application.

(1) The DD Form 1547—

(i) Provides a vehicle for performing the analysis necessary to develop a profit objective;

(ii) Provides a format for summarizing profit amounts subsequently negotiated as part of the contract price; and

(iii) Serves as the principal source document for reporting profit statistics to DoD's management information system.

(2) The military departments are responsible for establishing policies and procedures for feeding the DoD-wide management information system on profit and fee statistics (see [PGI 215.404-76](#)).

(3) The contracting officer shall—

(i) Use and prepare a DD Form 1547 whenever a structured approach to profit analysis is required by DFARS [215.404-4\(b\)](#) (see DFARS [215.404-71](#), [215.404-72](#), and [215.404-73](#) for guidance on using the structured approaches). Administrative instructions for completing the form are in [PGI 253.215-70](#).

(ii) Ensure that the DD Form 1547 is accurately completed. The contracting officer is responsible for the correction of any errors detected by the management system auditing process.

PGI 215.404-71 Weighted guidelines method.

PGI 215.404-71-4 Facilities capital employed.

(c) *Use of DD Form 1861 - Field pricing support.*

(i) The contracting officer may ask the ACO to complete the forms as part of field pricing support.

(ii) When the Weighted Guidelines Method is used, completion of the DD Form 1861 requires data not included on the Form CASB-CMF, i.e., distribution percentages of land, building, and equipment for the business unit performing the contract. Choose the most practical method for obtaining this data, for example—

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(A) Contract administration offices could obtain the data through the process used to establish factors for facilities capital cost of money or could establish advance agreements on distribution percentages for inclusion in field pricing reports;

(B) The corporate ACO could obtain distribution percentages; or

(C) The contracting officer could request the data through a solicitation provision.

PGI 215.404-76 Reporting profit and fee statistics.

(1) Contracting officers in contracting offices that participate in the management information system for profit and fee statistics must send completed DD Forms 1547 on actions that exceed the certified cost or pricing data threshold, where the contracting officer used the weighted guidelines method, an alternate structured approach, or the modified weighted guidelines method, to their designated office within 30 days after contract award.

(2) Participating contracting offices and their designated offices are—

<u>Contracting Office</u>	<u>Designated Office</u>
ARMY	
All	*
NAVY	
All	Commander Fleet and Industrial Supply Center, Norfolk Washington Detachment, Code 402 Washington Navy Yard Washington, DC 20374-5000
AIR FORCE	
Air Force Materiel Command (all field offices)	*

* Use the automated system, Profit Weighted Guidelines and Application at <https://www.wgl.wpafb.af.mil/wgl>, as required by your department.

(3) When the contracting officer delegates negotiation of a contract action that exceeds the certified cost or pricing data threshold to another agency (e.g., to an ACO), that agency must ensure that a copy of the DD Form 1547 is provided to the delegating office for reporting purposes within 30 days after negotiation of the contract action.

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(4) Contracting offices outside the United States and its outlying areas are exempt from reporting.

(5) Designated offices send a quarterly (non-cumulative) report of DD Form 1547 data to—

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L)DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060

Or via email to: CPIC@osd.mil

(6) In preparing and sending the quarterly report, designated offices—

(i) Perform the necessary audits to ensure data accuracy;

(ii) Do not enter classified information;

(iii) Transmit the report using approved electronic means; and

(iv) Send the reports not later than the 30th day after the close of the quarterly reporting periods.

(7) These reporting requirements have been assigned Report Control Symbol DD-AT&L(Q)1751.

PGI 215.406-1 Prenegotiation objectives.

(a) Also consider—

(i) Data resulting from application of work measurement systems in developing prenegotiation objectives; and

(ii) Field pricing assistance personnel participation in planned prenegotiation and negotiation activities.

(b) Prenegotiation objectives, including objectives related to disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports, shall be documented and reviewed in accordance with departmental procedures.

(i) *Significant Disagreements.* (A) Contracting officers and contract auditors have complementary roles in the contracting process and are expected to collaborate to

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determine fair and reasonable contract values, in accordance with [Director, Defense Procurement and Acquisition Policy memorandum dated December 4, 2009, Subject: Resolving Contract Audit Recommendations](#). When a significant disagreement arises on questioned costs, the contracting officer and the auditor shall discuss the basis of the disagreement. The contracting officer shall document that discussion and their disagreement in a written communication to the auditor. The contracting officer shall also document the disagreement in the prenegotiation objective (or pre-business clearance). The contracting officer may then proceed with negotiations when the prenegotiation objectives are approved.

(B) A significant disagreement is defined as the contracting officer planning to sustain less than 75-percent of the total recommended questioned costs in a Defense Contract Audit Agency (DCAA) audit report of a contractor proposal for an initial contract or a contract modification with a value equal to or greater than \$10 million. It does not apply to costs that DCAA has categorized as unsupported or unresolved in its audit report.

(ii) *Adjudication Procedures.* DCAA has three days to elevate the issues within the contracting officer's activity after receipt of the contracting officers' written communication confirming the disagreement. Furthermore, DCAA may appeal the significant issues up the chain of command as established in each Component's "Resolving Contract Audit Recommendations" policy. If issues remain, the Director, DCAA may escalate from the Defense Component's Head of Contracting Activity or Senior Procurement Executive, to the Director, Defense Procurement and Acquisition Policy (DPAP). If the DCAA Director believes that the Director, DPAP has not adequately addressed the matter, the disagreement may finally be elevated to the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Comptroller.

(iii) Notwithstanding the above, the Director, DCAA, may always raise audit issues to the Director, DPAP.

(c) *Cost estimates for program baselines and contract negotiations for Major Defense Acquisition and Major Automated Information System Programs.*

(i) For the purpose of contract negotiations and obligation of funds under this paragraph, the Government shall prepare cost analyses and targets based on the Government's reasonable expectation of successful contractor performance in accordance with the contractor's proposal and previous experience.

(ii) Cost estimates developed for baseline descriptions and other program purposes by the Director of Cost Assessment and Program Evaluation pursuant to its functions, do not meet the criteria described in paragraph (c)(i) of this subsection and, thus, shall not be used for purposes of developing the Government's contract negotiation position or for the obligation of funds. However, the Government may consider the data used to

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develop such estimates when developing the cost analyses and targets described in paragraph (c)(i) of this subsection.

PGI 215.406-3 Documenting the negotiation.

(a)(7) Include the principal factors related to the disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports.

(10) The documentation—

(A) Must address significant deviations from the prenegotiation profit objective;

(B) Should include the DD Form 1547, Record of Weighted Guidelines Application (see DFARS [215.404-70](#)), if used, with supporting rationale; and

(C) Must address the rationale for not using the weighted guidelines method when its use would otherwise be required by DFARS [215.404-70](#).

PGI 215.407-2 Make-or-buy programs.

(d) *Solicitation Requirements.* Consider the following factors when deciding whether to request a make-or-buy plan—

(1) The prime contractor's assumption of risk;

(2) The prime contractor's plant capacity;

(3) The prime contractor's degree of vertical integration;

(4) The prime contractor's internal resources;

(5) The anticipated contract type;

(6) The complexity, uniqueness, or configuration maturity associated with the end item or its subsystems;

(7) Critical path items;

(8) The impact on contract overhead rates with respect to maintaining work in-house;

(9) The industrial base that could potentially satisfy some system

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requirements, based on market survey;

(10) Proprietary data and/or trade secrets;

(11) Potential product quality concerns associated with items that would be subject to subcontracting;

(12) Integrated master schedule timelines and their tolerances for variation;

(13) The availability and experience of program office personnel to credibly analyze and evaluate a submission; and

(14) Socioeconomic considerations, e.g. small business or labor surplus area concerns.

(f) *Evaluation, negotiation, and Agreement.* When a make-or-buy plan is required, listed below are factors that may be considered when evaluating a submission—

(1) Prime contractor past performance, especially with respect to subcontract management;

(2) Prime contractor make-or-buy history;

(3) Adequacy of contractor's existing make-or-buy processes, including cost and technical risk considerations;

(4) Component availability through existing sources, e.g. available inventory, or other Government contracts;

(5) Prime contractor plant capacity;

(6) The adequacy of the prime contractor's technical, financial and personnel capabilities; and

(7) Prime contractor justification that is provided with respect to items it does not normally make.

PGI 215.407-4 Should-cost review.

(b) *Program should-cost review.*

(2) DoD contracting activities should consider performing a program should-cost review before award of a definitive contract for a major system as defined by DoDI 5000.2. See DoDI 5000.2 regarding industry participation.

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(c) *Overhead should-cost review.*

(1) Contact the Defense Contract Management Agency (DCMA) (<http://www.dcm.mil/>) for questions on overhead should-cost analysis.

(2)(A) DCMA or the military department responsible for performing contract administration functions (e.g., Navy SUPSHIP) should consider, based on risk assessment, performing an overhead should-cost review of a contractor business unit (as defined in FAR 2.101) when all of the following conditions exist:

- (1) Projected annual sales to DoD exceed \$1 billion;
- (2) Projected DoD versus total business exceeds 30 percent;
- (3) Level of sole-source DoD contracts is high;
- (4) Significant volume of proposal activity is anticipated;
- (5) Production or development of a major weapon system or program is anticipated; and
- (6) Contractor cost control/reduction initiatives appear inadequate.

(B) The head of the contracting activity may request an overhead should-cost review for a business unit that does not meet the criteria in paragraph (c)(2)(A) of this subsection.

(C) Overhead should-cost reviews are labor intensive. These reviews generally involve participation by the contracting, contract administration, and contract audit elements. The extent of availability of military department, contract administration, and contract audit resources to support DCMA-led teams should be considered when determining whether a review will be conducted. Overhead should-cost reviews generally should not be conducted at a contractor business segment more frequently than every 3 years.

PGI 215.407-5 Estimating systems.

PGI 215.407-5-70 Disclosure, maintenance, and review requirements.

(e) *Disposition of findings.*

(2) *Initial determination.*

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(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response.* Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(3) *Final Determination.*

(ii)(A) *Monitoring contractor's corrective action.* The auditor and the contracting officer shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: bringing the issue to the attention of higher level management, reducing or suspending progress payments (see FAR 32.503-6), implementing or increasing the withholding in accordance with [252.242-7005](#), Contractor Business Systems, if applicable, and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies.*

(1) When the contractor notifies the contracting officer, in writing, that the contractor has corrected the significant deficiencies, the contracting officer shall request that the auditor review the correction to determine if the deficiencies have been resolved.

(2) The contracting officer shall determine if the contractor has corrected the deficiencies.

(3) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring activities; and each contracting and contract administration office having substantial business with the contractor, as applicable.

PGI 215.470 Estimated data prices.

(b)(i) The form and the provision included in the solicitation request the offeror to state what portion of the total price is estimated to be attributable to the production or development of the listed data for the Government (not to the sale of rights in the data).

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However, offerors' estimated prices may not reflect all such costs; and different offerors may reflect these costs in a different manner, for the following reasons—

- (A) Differences in business practices in competitive situations;
- (B) Differences in accounting systems among offerors;
- (C) Use of factors or rates on some portions of the data;
- (D) Application of common effort to two or more data items; and
- (E) Differences in data preparation methods among offerors.

(ii) Data price estimates should not be used for contract pricing purposes without further analysis.

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PGI 216—Types of Contracts

(Revised December 31, 2012)

PGI 216.2—FIXED-PRICE CONTRACTS

PGI 216.203 Fixed-price contracts with economic price adjustment.

PGI 216.203-4 Contract clauses.

Contracting officers should use caution when incorporating Economic Price Adjustment (EPA) provisions in contracts. EPA provisions can result in significant and unanticipated price increases which can have major adverse impacts to a program. EPA provisions should be used only when general economic factors make the estimating of future costs too unpredictable within a fixed-price contract. The primary factors that should be considered before using an EPA provision include volatility of labor and/or material costs and contract length. In cases where cost volatility and/or contract length warrant using an EPA provision, the provision must be carefully crafted to ensure an equitable adjustment to the contract. Accordingly, contracting officers should always request assistance from their local pricing office, the Defense Contract Management Agency, or the Defense Contract Audit Agency when contemplating the use of an EPA provision.

For adjustments based on cost indexes of labor or material, use the following guidelines:

(1) Do not make the clause unnecessarily complex.

(2) Normally, the clause should not provide either a ceiling or a floor for adjustment unless adjustment is based on indices below the six-digit level of the Bureau of Labor Statistics (BLS)—

(i) Producer Price Index;

(ii) Employment Cost Index for wages and salaries, benefits, and compensation costs for aerospace industries (but see paragraphs (3) and (6) of this subsection); or

(iii) North American Industry Classification System (NAICS) Product Code.

(3) DoD contracting officers may no longer use the BLS employment cost index for total compensation, aircraft manufacturing (NAICS Product Code 336411, formerly Standard Industrial Classification Code 3721, Aircraft) in any EPA clause in DoD contracts. This index is ineffective for use as the basis for labor cost adjustments in EPA clauses in DoD contracts.

The BLS employment cost index for wages and salaries, aircraft manufacturing may still be used in EPA clauses for labor costs. If a BLS index for benefits is desired, contracting officers should use a broader based index that will smooth the effects of any large pension

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contributions, such as the employment cost index for benefits, total private industry. If a total compensation index is desired, contracting officers should consider the creation of a hybrid index by combining the above referenced indices at a predetermined percentage. For example, a hybrid total compensation index could consist of 68 percent employment cost index for wages and salaries, aircraft manufacturing, and 32 percent of the employment cost index for benefits, private industry.

(4) Normally, the clause should cover potential economic fluctuations within the original contract period of performance using a trigger band. Unless the economic fluctuation exceeds the trigger value, no EPA clause adjustments are made.

(5) The clause must accurately identify the index(es) upon which adjustments will be based.

(i) It must provide for a means to adjust for appropriate economic fluctuation in the event publication of the movement of the designated index is discontinued. This might include the substitution of another index if the time remaining would justify doing so and an appropriate index is reasonably available, or some other method for repricing the remaining portion of work to be performed.

(ii) Normally, there should be no need to make an adjustment if computation of the identified index is altered. However, it may be appropriate to provide for adjustment of the economic fluctuation computations in the event there is such a substantial alteration in the method of computing the index that the original intent of the parties is negated.

(iii) When an index to be used is subject to revision (e.g., the BLS Producer Price Indexes), the EPA clause must specify that any economic price adjustment will be based on a revised index and must identify which revision to the index will be used.

(6) The basis of the index should not be so large and diverse that it is significantly affected by fluctuations not relevant to contract performance, but it must be broad enough to minimize the effect of any single company, including the anticipated contractor(s).

(7) Construction of an index is largely dependent upon three general series published by the U.S. Department of Labor, BLS. These are the—

(i) Industrial Commodities portion of the Producer Price Index;

(ii) Employment Cost Index for wages and salaries, benefits, and compensation costs for aerospace industries (but see paragraphs (3) and (6) of this subsection); and

(iii) NAICS Product Code.

(8) Normally, do not use more than two indices, i.e., one for labor and one for material.

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(9) The clause must establish and properly identify a base period comparable to the contract periods for which adjustments are to be made as a reference point for application of an index.

(10) The clause should not provide for an adjustment beyond the original contract performance period, including options. The start date for the adjustment may be the beginning of the contract or a later time, as appropriate, based on the projected rate of expenditures.

(11) The expenditure profile for both labor and material should be based on a predetermined rate of expenditure (expressed as the percentage of material or labor usage as it relates to the total contract price) in lieu of actual cost incurred.

(i) If the clause is to be used in a competitive acquisition, determine the labor and material allocations, with regard to both mix of labor and material and rate of expenditure by percentage, in a manner which will, as nearly as possible, approximate the average expenditure profile of all companies to be solicited so that all companies may compete on an equal basis.

(ii) If the clause is to be used in a noncompetitive acquisition, the labor and material allocations may be subject to negotiation and agreement.

(iii) For multiyear contracts, establish predetermined expenditure profile tables for each of the annual increments in the multiyear buy. Each of the second and subsequent year tables must be cumulative to reflect the total expenditures for all increments funded through the latest multiyear funding.

(12) The clause should state the percentage of the contract price subject to price adjustment.

(i) Normally, do not apply adjustments to the profit portion of the contract.

(ii) Examine the labor and material portions of the contract to exclude any areas that do not require adjustment. For example, it may be possible to exclude—

(A) Subcontracting for short periods of time during the early life of the contract which could be covered by firm-fixed-priced subcontracting;

(B) Certain areas of overhead, e.g., depreciation charges, prepaid insurance costs, rental costs, leases, certain taxes, and utility charges;

(C) Labor costs for which a definitive union agreement exists; and

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(D) Those costs not likely to be affected by fluctuation in the economy.

(iii) Allocate that part of the contract price subject to adjustment to specific periods of time (e.g., quarterly, semiannually, etc.) based on the most probable expenditure or commitment basis (expenditure profile).

(13) The clause should provide for definite times or events that trigger price adjustments. Adjustments should be frequent enough to afford the contractor appropriate economic protection without creating a burdensome administrative effort. The adjustment period should normally range from quarterly to annually.

(14) When the contract contains cost incentives, any sums paid to the contractor on account of EPA provisions must be subtracted from the total of the contractor's allowable costs for the purpose of establishing the total costs to which the cost incentive provisions apply. If the incentive arrangement is cited in percentage ranges, rather than dollar ranges, above and below target costs, structure the EPA clause to maintain the original contract incentive range in dollars.

(15) The EPA clause should provide that once the labor and material allocations and the portion of the contract price subject to price adjustment have been established, they remain fixed through the life of the contract and shall not be modified except in the event of significant changes in the scope of the contract. The clause should state that pricing actions pursuant to the Changes clause or other provisions of the contract will be priced as though there were no provisions for economic price adjustment. However, subsequent modifications may include a change to the delivery schedule or significantly change the amount of, or mix of, labor or material for the contract. In such cases, it may be appropriate to prospectively apply EPA coverage. This may be accomplished by—

- (i) Using an EPA clause that applies only to the effort covered by the modification;
- (ii) Revising the baseline data or period in the EPA clause for the basic contract to include the new work; or
- (iii) Using an entirely new EPA clause for the entire contract, including the new work.

(16) Consistent with the factors in paragraphs (1) through (15) of this subsection, it may also be appropriate to provide in the prime contract for similar EPA arrangements between the prime contractor and affected subcontractors to allocate risks properly and ensure that those subcontractors are provided similar economic protection.

(17) When EPA clauses are included in contracts that do not require submission of certified cost or pricing data as provided for in FAR 15.403-1, the contracting officer must obtain adequate data to establish the baseline from which adjustments will be made. The

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contracting officer may require verification of the data submitted to the extent necessary to permit reliance upon the data as a reasonable baseline.

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PGI 225--Foreign Acquisition

(Revised December 31, 2012)

PGI 225.73--ACQUISITIONS FOR FOREIGN MILITARY SALES

PGI 225.7300 Scope of subpart.

(a) The Foreign Military Sales (FMS) acquisition infrastructure is also used to execute cases funded with U.S. appropriated funds under special authority to build international partner capacity. These Building Partner Capacity (BPC) cases are implemented using Pseudo Letter of Offer and Acceptance (LOA) documents.

PGI 225.7301 General.

(c)(i) Separately identify known FMS requirements and the FMS customer in solicitations.

(ii) Clearly identify contracts for known FMS requirements by the case identifier code in section B of the Schedule.

(iii) Ensure that the FMS LOA terms and conditions are incorporated into the signed contract.

(iv) Ensure that the shipping terms for any contract of FMS materiel are stated as free on board (f.o.b.) origin.

(v) For Pseudo LOAs, ensure that the period of performance in the contract is consistent with the period of availability of appropriated funds, as provided by the financial resource manager.

(vi) Consistent with the Defense Transportation Regulations (DTR) 4500.9-R-Part II, Cargo Movement, <http://www.transcom.mil/dtr/part-ii/>, Appendix E, contracting officers shall ensure that contracts involving the acquisition and delivery of FMS material comply with the policies, procedures, packaging, labeling, and documentation requirements specified by the DTR.

(vii) The Government representative responsible for acceptance shall ensure that the contractor prepares material inspection and receiving reports in compliance with—

(A) Appendix F, F-301(b)(15)(iv)(K) for a Wide Area WorkFlow (WAWF) Receiving Report; or

(B) F-401(b)(16)(iv)(L) for a paper DD Form 250, Material Inspection and Receiving Report, if an exception to the use of WAWF at [232.7003](#) applies.

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(viii) Prior to contract award, contracting officers shall ensure that—

(A) If a contracting officer's representative is assigned, detailed point of contact information (email, phone number with international dialing protocols, and physical and mailing address) shall be clearly visible;

(B) Unique country requirements are specified in the contract (i.e., additional documentation requirements for use in country customs clearance (Levy Exemption waiver));

(C) Commodity-unique requirements are specified in the contract (i.e., responsibility for obtaining/paying for/affixing active Radio Frequency Identification tags and Transportation Control Number construction/usage); and

(D) The FMS Transportation Accounting Code is stated in the contract.

PGI 225.7302 Guidance.

For FMS programs that will require an acquisition, the contracting officer will assist the DoD implementing agency responsible for preparing the LOA by—

(1) Working with prospective contractors to—

(i) Identify, in advance of the LOA, any unusual provisions or deviations (such as those requirements for Pseudo LOAs identified at [PGI 225.7301](#));

(ii) Advise the contractor if the DoD implementing agency expands, modifies, or does not accept any requirements proposed by the contractor;

(iii) Identify any logistics support necessary to perform the contract (such as those requirements identified at [PGI 225.7301](#)); and

(iv) For noncompetitive acquisitions over \$10,000, ask the prospective contractor for data on pricing and other relevant factors, and information on delivery. The request for data shall identify the fact that the data is for a potential foreign military sale and shall identify the foreign customer; and

(2) Working with the DoD implementing agency responsible for preparing the LOA to—

(i) Assist, as necessary, in preparation of the LOA;

(ii) Identify and explain all unusual contractual requirements or requests for deviations; and

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- (iii) Assist in preparing the price and availability data.

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PGI 239—Acquisition of Information Technology

(Revised December 31, 2012)

PGI 239.74—TELECOMMUNICATIONS SERVICES

PGI 239.7402 Policy.

(c) *Foreign carriers.*

(i) Frequently, foreign carriers are owned by the government of the country in which they operate. The foreign governments often prescribe the methods of doing business.

(ii) In contracts for telecommunications services in foreign countries, describe the rates and practices in as much detail as possible. It is DoD policy not to pay discriminatory rates. DoD will pay a reasonable rate for telecommunications services or the rate charged the military of that country, whichever is less.

(iii) Refer special problems with telecommunications acquisition in foreign countries to higher headquarters for resolution with appropriate State Department representatives.

PGI 239.7405 Delegated authority for telecommunications resources.

Related Documents:

Documents related to DoD's delegated authority to enter into telecommunications service contracts are available [here](#).

PGI 239.7406 Certified cost or pricing data and data other than certified cost or pricing data.

Examples of instances where certified cost or pricing data, if required in accordance with FAR 15.403-4, or data other than certified cost or pricing data, if required in accordance with FAR 15.403-3, may be necessary to support price reasonableness include—

- (1) Nontariffed services;
- (2) Special rates and charges not included in a tariff, whether filed or to be filed;
- (3) Special assembly rates and charges;
- (4) Special construction and equipment charges;
- (5) Contingent liabilities that are fixed at the outset of the service;
- (6) Proposed cancellation and termination charges under the clause at [252.239-](#)

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[7007](#), Cancellation or Termination of Orders, and reuse arrangements under the clause at [252.239-7008](#), Reuse Arrangements;

(7) Rates contained in voluntary tariffs filed by nondominant common carriers; or

(8) A tariff, whether filed or to be filed, for new services installed or developed primarily for Government use.

PGI 239.7407 Type of contract.

When using a basic agreement in conjunction with a communication service authorization—

(1) Use DD Form 428, Communication Service Authorization (CSA), or an electronic data processing substitute to award, modify, cancel, or terminate telecommunications services. The CSA shall—

(i) Refer to the basic agreement;

(ii) Specify the types and quantities and equipment to be provided as well as the tariff (or other price if a tariff is not available) of those services and equipment;

(iii) Specify the premises involved;

(iv) Cite the address for billing;

(v) Identify the disbursing office;

(vi) Provide funding information; and

(vii) Include an expiration date.

(2) Before awarding a CSA, comply with the requirements in FAR and DFARS, e.g., for competition, reviews, approvals, and determinations and findings.

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(Revised December 31, 2012)

PGI 253.215 Contracting by negotiation.

PGI 253.215-70 DD Form 1547, Record of Weighted Guidelines Application.

(a) Use the DD Form 1547 as prescribed in DFARS [215.404-70](#) and [215.404-71](#).

(b) *General instructions.*

(1) Report amounts as they relate to the price of the contract action without regard to funding status (e.g., amounts obligated).

(2) Express all dollar values to the nearest whole value (e.g., \$200,008.55 = \$200,009).

(3) Do not express percentages beyond the nearest thousandth (e.g., interest rate--8.257%).

(4) If the contracting office is exempt from reporting to the DoD management information system on profit and fee statistics (see [PGI 215.404-76](#)), do not complete Block 1, 4, 5, 6, 7, 8, 9, 10, 11, or 12.

(5) Report an option amount for additional quantities as a separate contract action when exercised.

(6) Even though fixed-price type contract actions are negotiated on the basis of total price, prepare the negotiation summary portion of the DD Form 1547 showing the contracting officer's best estimates of cost and profit.

(7) For indefinite-delivery type contracts, prepare a consolidated DD Form 1547 for annual requirements expected to exceed the certified cost or pricing data threshold.

(8) Prepare a consolidated DD Form 1547, if possible, when multiple profit rates apply to a single negotiation.

(c) *Specific instructions for completion of DD Form 1547.*

(1) BLOCK 1--REPORT NO. Enter the four-digit local control number followed by a dash and the last two digits of the fiscal year (e.g., 0004-06 for 4th action in fiscal year 2006). Each field contracting office participating in profit reporting shall establish a control system for consecutively numbering completed DD Forms 1547. Always start with 0001 at the beginning of each fiscal year and always use four digits. This number will identify the specific DD Form 1547 in DoD's management information system and will be used for

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follow-up actions.

(2) BLOCK 2--BASIC PROCUREMENT INSTRUMENT IDENTIFICATION NO. Enter the identifying contract number assigned per DFARS Subpart [204.70](#).

(3) BLOCK 3--SPIIN. Enter the supplemental procurement instrument identification number for supplemental agreements or other modifications, assigned per DFARS Subpart [204.70](#).

(4) BLOCK 4--DATE OF ACTION.

(i) Year. Enter the last two digits of the year the action was negotiated (e.g., 06 for 2006).

(ii) Month. Enter the two-digit number for the month the action was negotiated (e.g., 09 for September).

(5) BLOCK 5--CONTRACTING OFFICE CODE. Enter the code assigned the contracting office per DoD Procurement Coding Manual, Volume III.

(6) BLOCK 6--NAME OF CONTRACTOR. Enter the contractor's name (including division name).

(7) BLOCK 7--DUNS NUMBER. Enter the contractor establishment code number.

(8) BLOCK 8--FEDERAL SUPPLY CODE.

(9) BLOCK 9--DOD CLAIMANT PROGRAM.

(10) BLOCK 10--CONTRACT TYPE CODE. Enter the appropriate code—

Description	Code
FPR (all types)	A
FPI (all types)	L
FFP	J
FP(E)	K
CPFF	U
CPIF (all types)	V

(11) BLOCK 11--TYPE EFFORT. Enter the appropriate code—

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Description	Code
Manufacturing	1
Research and Development	2
Services	3

(12) BLOCK 12--USE CODE. Enter the appropriate code for use of the weighted guidelines method—

Description	Code
Standard weighted guidelines method (DFARS 215.404-71-2(c)(1))	2
Alternate structured approach (DFARS 215.404-73)	4
Modified weighted guidelines approach (DFARS 215.404-72)	5
Technology incentive (DFARS 215.404-71-2(c)(2))	6

(13) BLOCKS 13 through 20--COST CATEGORY OBJECTIVE. Enter the prenegotiation objectives. Include contractor independent research and development/bid and proposal in the general and administrative expenses in Block 19.

(14) BLOCKS 21 through 29--WEIGHTED GUIDELINES PROFIT FACTORS. Enter the amounts determined in accordance with DFARS [215.404-71](#) or [215.404-72](#). This section is not required to be completed when using an alternate structured approach (DFARS [215.404-73](#)).

(15) BLOCK 30--TOTAL PROFIT OBJECTIVE. Enter the total of Blocks 23, 24, 25, 27, 28, and 29. This section is not required to be completed when using an alternate structured approach (DFARS 215.404-73).

(16) BLOCKS 31 through 35--NEGOTIATION SUMMARY. Complete as indicated on the form. For fixed-price type contracts negotiated on a total price basis, enter the contracting officer's best estimates of cost and profit. When using an alternate structured approach, see DFARS [215.404-73\(b\)\(2\)](#) for offsets.

(17) BLOCKS 36 through 39--CONTRACTING OFFICER APPROVAL. The contracting officer shall sign the form. Include a complete (with area code) commercial telephone number to facilitate any follow-up actions.

(18) BLOCKS 96 through 99--OPTIONAL USE. Complete in accordance with department/agency procedures, if any.