



**PREP ASSIGNMENT
SEASON 2023, EPISODE TEN
May 17, 2023
FAR PART 15.4:
SPECIAL FOCUS ON CONTRACT PRICING**

Preparation Assignment (20 points each)

Fill In the Blank Questions:

1. The threshold for obtaining certified cost or pricing data is \$750,000 for prime contracts awarded before July 1, 2018, and \$2 million for prime contracts awarded on or after July 1, 2018. [Hints: Check out **FAR 15.403-4**]
2. At a minimum, the contracting officer must use price analysis to determine whether the price is fair and reasonable whenever the contracting officer acquires a commercial product or commercial service (see 15.404-1(b)). [Hint: Check out **FAR 15.403-3**]
3. Unless an exception from the requirement to obtain certified cost or pricing data applies under 15.403-1(b)(1) or (b)(2), at a minimum, the contracting officer shall obtain appropriate data, without certification, on the prices at which the same or similar items have previously been sold and determine if the data is adequate for evaluating the reasonableness of the price. [Hint: Check out **FAR 15.404-1**]
4. The contracting officer should consider whether a contractor or subcontractor has an approved purchasing system, has performed cost or price analysis of proposed subcontractor prices, or has negotiated the subcontract prices before negotiation of the prime contract, in determining the reasonableness of the prime contract price. [Hint: Check out **FAR 14.404-3**]
5. Using an acceptable estimating system for proposal preparation benefits both the Government and the contractor by increasing the accuracy and reliability of individual proposals. Cognizant audit activities, when it is appropriate to do so, shall establish and manage regular programs for reviewing selected contractors' estimating systems or methods, in order to reduce the scope of reviews to be performed on individual proposals, expedite the negotiation process, and increase the reliability of proposals. [Hint: Check out **FAR 15.407**]

"Look 'Em Ups" (Enter the FAR cite and Answer)

1. What are the six (6) cost elements that must be identified by a contractor/subcontractor in a cost/price proposal when certified cost or pricing data are required?

Materials and Services
Direct Labor
Indirect Costs
Other Costs

Royalties
Facilities Capital Cost of Money

2. What six (6) “common factors” must a contracting officer consider when assessing the reasonableness of profit offered in a contractor’s cost/price proposal submitted in a FAR Part 15 procurement?

Contractor effort
Contractor cost risk
Federal socioeconomic programs
Capital investment
Cost-control and other past accomplishments
Independent development

FAR Question: The historical name of the statute that requires contractors to submit certified cost or pricing data is the “Truth in Negotiations Act” (a.k.a., TINA). After its “codification” and formal inclusion into the U.S. Code its name was changed. What is the new name? For an additional fifty (50) “FUN” points, tell me where this name change found in the Federal Acquisition Regulations.

Truthful Cost or Pricing Data
FAR 1.110

FUN Question: Speaking of “TINA”, one of my favorite female singers named Tina starred in a post-apocalyptic movie with Mel Gibson. What was the name of that singer? For an additional twenty (20) “FUN” points tell me the name of the movie.

Tina Turner
Mad Max Beyond Thunderdome