15.408 Solicitation provisions and contract clauses.

(a) *Changes or Additions to Make-or-Buy Program*. The *contracting officer shall* insert the clause at 52.215-9, Changes or Additions to *Make-or-Buy Program*, in *solicitations* and contracts when it is contemplated that a *make-or-buy program* will be incorporated in the contract. If a less economical "make" or "buy" categorization is selected for one or more items of significant value, the *contracting officer shall* use the clause with-

(1) Its *Alternate* I, if a fixed-*price* incentive contract is contemplated; or

(2) Its *Alternate* II, if a cost-plus-incentive-fee contract is contemplated.

(b) *Price Reduction for Defective Certified Cost or Pricing Data*. The *contracting officer shall*, when *contracting* by negotiation, insert the clause at 52.215-10, *Price* Reduction for Defective *Certified Cost or Pricing Data*, in *solicitations* and contracts when it is contemplated that *certified cost or pricing data* will be required from the contractor or any subcontractor (see 15.403-4).

(c) *Price Reduction for Defective Certified Cost or Pricing Data-Modifications*. The *contracting officer shall*, when *contracting* by negotiation, insert the clause at 52.215-11, *Price* Reduction for Defective *Certified Cost or Pricing Data*—Modifications, in *solicitations* and contracts when it is contemplated that *certified cost or pricing data* will be required from the contractor or any subcontractor (see 15.403-4) for the *pricing* of *contract modifications*, and the clause prescribed in paragraph (b) of this section has not been included.

(d) *Subcontractor Certified Cost or Pricing Data*. The *contracting officer shall*—

(1) Insert the clause at 52.215-12, Subcontractor *Certified Cost or Pricing Data*, in *solicitations* and contracts when the clause prescribed in paragraph (b) of this section is included; or

(2) Upon the request of a contractor that was required to submit *certified cost or pricing data* in connection with a prime contract entered into before July 1, 2018, the *contracting officer shall* modify the contract without requiring consideration, to replace clause 52.215-12, Subcontractor *Certified Cost or Pricing Data*, with its *Alternate* I.

(e) *Subcontractor Certified Cost or Pricing Data-Modifications*. The *contracting officer shall*—

(1) Insert the clause at 52.215-13, Subcontractor *Certified Cost or Pricing Data*—Modifications, in *solicitations* and contracts when the clause prescribed in paragraph (c) of this section is included; or

(2) Upon the request of a contractor that was required to submit *certified cost or pricing data* in connection with a prime contract entered into before July 1, 2018, the *contracting officer shall* modify the contract without requiring consideration, to replace clause 52.215-13, Subcontractor *Certified Cost or Pricing Data*—Modifications, with its *Alternate* I.

(f) Integrity of Unit *Prices*.

(1) The *contracting officer shall* insert the clause at 52.215-14, Integrity of Unit *Prices*, in *solicitations* and contracts except for-

(i) *Acquisitions* at or below the *simplified acquisition threshold*;

(ii) *Construction* or *architect-engineer services* under part 36;

(iii) Utility services under part 41;

(iv) Service contracts where *supplies* are not required;

(v) *Acquisitions* of *commercial products* and *commercial services*; and

(vi) Contracts for petroleum *products*.

(2) The *contracting officer shall* insert the clause with its *Alternate* I when *contracting* without adequate *price* competition or when prescribed by agency regulations.

(g) *Pension Adjustments and Asset Reversions*. The *contracting officer shall* insert the clause at 52.215-15, Pension Adjustments and Asset Reversions, in *solicitations* and contracts for which it is anticipated that *certified cost or pricing data* will be required or for which any preaward or postaward cost determinations will be subject to part 31.

(h) *Facilities Capital Cost of Money*. The *contracting officer shall* insert the provision at 52.215-16, *Facilities Capital Cost of Money*, in *solicitations* expected to result in contracts that are subject to the cost principles for contracts with commercial organizations (see subpart 31.2).

(i) *Waiver of Facilities Capital Cost of Money.* If the prospective contractor does not propose *facilities capital cost of money* in its *offer*, the *contracting officer shall* insert the clause at 52.215-17, Waiver of *Facilities Capital Cost of Money*, in the resulting contract.

(j) *Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions*. The *contracting officer shall* insert the clause at 52.215-18, Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions, in *solicitations* and contracts for which it is anticipated that *certified cost or pricing data* will be required or for which any preaward or postaward cost determinations will be subject to part 31.

(k) *Notification of Ownership Changes*. The *contracting officer shall* insert the clause at 52.215-19, Notification of Ownership Changes, in *solicitations* and contracts for which it is contemplated that *certified cost or pricing data* will be required or for which any preaward or postaward cost determination will be subject to subpart 31.2.

(l) *Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data*. Considering the hierarchy at 15.402, the *contracting officer shall* insert the provision at 52.215-20, Requirements for *Certified Cost or Pricing Data* and *Data Other Than Certified Cost or Pricing Data*, in *solicitations* if it is reasonably certain that *certified cost or pricing data* or *data other than certified cost or pricing data* will be required. This provision also provides instructions to *offerors* on how to request an exception from the requirement to submit *certified cost or pricing data*. The *contracting officer shall-*

(1) Use the provision with its *Alternate* I to specify a format for *certified cost or pricing data* other than the format required by Table 15-2 of this section;

(2) Use the provision with its *Alternate* II if copies of the proposal are to be sent to the ACO and contract auditor;

(3) Use the provision with its *Alternate* III if submission via electronic media is required; and

(4) Replace the basic provision with its *Alternate* IV if *certified cost or pricing data* are not expected to be required because an exception *may* apply, but *data other than certified cost or pricing data* will be required as described in 15.403-3.

(m) *Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data-Modifications*. Considering the hierarchy at 15.402, the *contracting officer shall* insert the clause at 52.215-21, Requirements for *Certified Cost or Pricing Data* and *Data Other Than Certified Cost or Pricing Data*-Modifications, in *solicitations* and contracts if it is reasonably certain that *certified cost or pricing data* or *data other than certified cost or pricing data* will be required for modifications. This clause also provides instructions to contractors on how to request an exception from the requirement to submit *certified cost or pricing data*. The *contracting officer shall-*

(1) Use the clause with its *Alternate* I to specify a format for *certified cost or pricing data* other than the format required by Table 15-2 of this section;

(2) Use the clause with its *Alternate* II if copies of the proposal are to be sent to the ACO and contract auditor;

(3) Use the clause with its *Alternate* III if submission via electronic media is required; and

(4) Replace the basic clause with its *Alternate* IV if *certified cost or pricing data* are not expected to be required because an exception *may* apply, but *data other than certified cost or pricing data* will be required as described in 15.403-3.

(n) Limitations on Pass-Through Charges.

(1) The *contracting officer shall* insert the provision at 52.215-22, Limitations on Pass-Through Charges-Identification of *Subcontract* Effort, in *solicitations* containing the clause at 52.215-23.

(2)

(i) Except as provided in paragraph (n)(2)(ii), the *contracting officer shall* insert the clause 52.215-23, Limitations on Pass-Through Charges, in *solicitations* and contracts including task or *delivery orders* as follows:

(A) For civilian agencies, insert the clause when-

(1) The total estimated contract or order value exceeds the *simplified acquisition threshold* as defined in section 2.101 and

(2) The contemplated contract type is expected to be a cost-reimbursement type contract as defined in subpart 16.3; or

(B) For DoD, insert the clause when-

(1) The total estimated contract or order value exceeds the threshold for obtaining *cost or pricing data* in 15.403-4; and

(2) The contemplated contract type is expected to be any contract type except-

(i) A firm-fixed-*price* contract awarded on the basis of adequate *price* competition;

(ii) A fixed-*price* contract with economic *price* adjustment awarded on the basis of adequate *price* competition;

(iii) A firm-fixed-*price* contract for the *acquisition* of a *commercial product* or *commercial service*;

(iv) A fixed-*price* contract with economic *price* adjustment, for the *acquisition* of a *commercial product* or *commercial service*;

(v) A fixed-*price* incentive contract awarded on the basis of adequate *price* competition; or

(vi) A fixed-*price* incentive contract for the *acquisition* of a *commercial product* or *commercial service*.

(ii) The clause *may* be used when the total estimated contract or order value is below the thresholds identified in 15.408(n)(2)(i) and for any contract type, when the *contracting officer* determines that inclusion of the clause is appropriate.

(iii) Use the clause 52.215-23 with its *Alternate* I when the *contracting officer* determines that the prospective contractor has demonstrated that its functions provide added value to the *contracting* effort and there are no excessive pass-through charges.

Table 15-2—Instructions for Submitting Cost/*Price* Proposals When *Certified Cost or Pricing Data* Are Required

This document provides instructions for preparing a contract *pricing* proposal when *certified cost or pricing data* are required.

Note 1. There is a clear distinction between submitting *certified cost or pricing data* and merely making available books, records, and other documents without identification. The requirement for submission of *certified cost or pricing data* is met when all accurate *certified cost or pricing data* reasonably available to the *offeror* have been submitted, either actually or by specific identification, to the *Contracting Officer* or an authorized representative. As later data come into your possession, it *should* be submitted promptly to the *Contracting Officer* in a manner that clearly shows how the data relate to the *offeror*'s *price* proposal. The requirement for submission of *certified cost or pricing data* continues up to the time of agreement on *price*, or an earlier date agreed upon between the parties if applicable.

Note 2. By submitting your proposal, you grant the *Contracting Officer* or an authorized representative the right to examine records that formed the basis for the *pricing* proposal. That examination can take place at any time before award. It *may* include those books, records, documents, and other types of factual data (regardless of form or whether the data are specifically referenced or included in the proposal as the basis for *pricing*) that will permit an adequate evaluation of the proposed *price*.

I. General Instructions

A. You *must* provide the following information on the first page of your *pricing* proposal:

(1) *Solicitation*, contract, and/or modification number;

(2) Name and address of *offeror*;

(3) Name and telephone number of point of contact;

(4) Name of *contract administration office* (if available);

(5) Type of contract action (that is, new contract, *change order*, *price* revision/redetermination, letter contract, unpriced order, or other);

(6) Proposed cost; profit or fee; and total;

(7) Whether you will require the use of Government property in the performance of the contract, and, if so, what property;

(8) Whether your organization is subject to cost accounting standards; whether your organization has submitted a CASB Disclosure Statement, and if it has been determined adequate; whether you have been notified that you are or *may* be in noncompliance with your Disclosure Statement or CAS (other than a noncompliance that the *cognizant Federal agency* official has determined to have an immaterial cost impact), and, if yes, an explanation; whether any aspect of this proposal is inconsistent with your disclosed practices or applicable CAS, and, if so, an explanation; and whether the proposal is consistent with your established estimating and accounting principles and procedures and FAR part 31, Cost Principles, and, if not, an explanation;

(9) The following statement: This proposal reflects our estimates and/or actual costs as of this date and conforms with the instructions in FAR 15.403-5(b)(1) and Table 15-2. By submitting this proposal, we grant the *Contracting Officer* and authorized representative(s) the right to examine, at any time before award, those records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form or whether such supporting information is specifically referenced or included in the proposal as the basis for *pricing*, that will permit an adequate evaluation of the proposed *price*.

(10) Date of submission; and

(11) Name, title, and *signature* of authorized representative.

B. In submitting your proposal, you *must* include an index, appropriately referenced, of all the *certified cost or pricing data* and information accompanying or identified in the proposal. In addition, you *must* annotate any future additions and/or revisions, up to the date of agreement on *price*, or an earlier date agreed upon by the parties, on a supplemental index.

C. As part of the specific information required, you *must* submit, with your proposal-

(1) *Certified cost or pricing data* (as defined at FAR 2.101). You *must* clearly identify on your cover sheet that *certified cost or pricing data* are included as part of the proposal.

(2) Information reasonably required to explain your estimating process, including-

(i) The judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data; and

(ii) The nature and amount of any contingencies included in the proposed *price*.

D. You *must* show the relationship between *line item prices* and the total contract *price*.You *must* attach cost-element breakdowns for each proposed *line item*, using the appropriate format prescribed in the "Formats for Submission of *Line Item* Summaries" section of this table. You *must* furnish supporting breakdowns for each cost element, consistent with your cost accounting system.

E. When more than one *line item* is proposed, you *must* also provide summary total amounts covering all *line items* for each element of cost.

F. Whenever you have incurred costs for work performed before submission of a proposal, you *must* identify those costs in your cost/*price* proposal.

G. If you have reached an agreement with Government representatives on use of forward *pricing* rates/factors, identify the agreement, include a copy, and describe its nature.

H. As soon as practicable after final agreement on *price* or an earlier date agreed to by the parties, but before the award resulting from the proposal, you *must*, under the conditions stated in FAR 15.406-2, submit a Certificate of Current *Cost or Pricing Data*.

II. Cost Elements

Depending on your system, you *must* provide breakdowns for the following basic cost elements, as applicable:

A. *Materials and services*. Provide a consolidated priced summary of individual material quantities included in the various tasks, orders, or *line items* being proposed and the basis for *pricing* (vendor quotes, *invoice prices*, etc.). Include raw materials, parts, *components*, assemblies, and services to be produced or performed by others. For all items proposed, identify the item and show the source, quantity, and *price*. Conduct *price* analyses of all subcontractor proposals. Conduct cost analyses for all *subcontracts* when *certified cost or pricing data* are submitted by the subcontractor. Include these analyses as part of your own *certified cost or pricing data* submissions for *subcontracts* expected to exceed the appropriate threshold in FAR 15.403-4. Submit the subcontractor *certified cost or pricing data* and *data other than certified cost or pricing data* as part of your own *certified cost or pricing data* as required in paragraph IIA(2) of this table. These requirements also apply to all subcontractors if required to submit *certified cost or pricing data*.

(1) *Adequate Price Competition.* Provide data showing the degree of competition and the basis for establishing the source and reasonableness of *price* for those *acquisitions* (such as *subcontracts*, *purchase orders*, material order, etc.) exceeding, or expected to exceed, the appropriate threshold set forth at FAR 15.403-4 priced on the basis of adequate *price* competition. For interorganizational transfers priced at other than the cost of comparable competitive commercial work of the division, subsidiary, or affiliate of the contractor, explain the *pricing* method (see FAR 31.205-26(e)).

(2) *All Other*. Obtain *certified cost or pricing data* from prospective sources for those *acquisitions* (such as *subcontracts*, *purchase orders*, material order, etc.) exceeding the threshold set forth in FAR 15.403-4 and not otherwise exempt, in accordance with FAR 15.403-1(b) (*i.e.*, adequate *price* competition, *commercial products* or *commercial services*, *prices* set by law or regulation or waiver). Also provide data showing the basis for establishing source and reasonableness of *price*. In addition, provide a summary of your cost analysis and a copy of *certified cost or pricing data* submitted by the prospective source in support of each *subcontract*, or *purchase order* that is the lower of either $20 million or more, or both more than the pertinent *certified cost or pricing data* threshold and more than 10 percent of the prime contractor's proposed *price*. Also submit any information reasonably required to explain your estimating process (including the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data, and the nature and amount of any contingencies included in the *price*). The *Contracting Officer may* require you to submit *cost or pricing data* in support of proposals in lower amounts. Subcontractor *certified cost or pricing data must* be accurate, complete and current as of the date of final *price* agreement, or an earlier date agreed upon by the parties, given on the prime contractor’s Certificate of Current *Cost or Pricing Data*. The prime contractor is responsible for updating a prospective subcontractor’s data. For standard *commercial products* fabricated by the *offeror* that are generally stocked in inventory, provide a separate cost breakdown, if priced based on cost. For interorganizational transfers priced at cost, provide a separate breakdown of cost elements. Analyze the *certified cost or pricing data* and submit the results of your analysis of the prospective source’s proposal.When submission of a prospective source’s *certified cost or pricing data* is required as described in this paragraph, it *must* be included as part of your own *certified cost or pricing data*. You *must* also submit any *data other than certified cost or pricing data* obtained from a subcontractor, either actually or by specific identification, along with the results of any analysis performed on that data.

B. *Direct Labor*. Provide a time-phased (*e.g.,* monthly, quarterly, etc.) breakdown of labor hours, rates, and cost by appropriate category, and furnish bases for estimates.

C. *Indirect Costs*. Indicate how you have computed and applied your *indirect costs*, including cost breakdowns. Show trends and budgetary data to provide a basis for evaluating the reasonableness of proposed rates. Indicate the rates used and provide an appropriate explanation.

D. *Other Costs*. List all other costs not otherwise included in the categories described above (*e.g.*,*special tooling*, travel, computer and consultant services, preservation, packaging and packing, spoilage and rework, and Federal excise tax on finished articles) and provide bases for *pricing*.

E. *Royalties*. If royalties exceed $1,500, you *must* provide the following information on a separate page for each separate royalty or license fee:

(1) Name and address of licensor.

(2) Date of license agreement.

(3) Patent numbers.

(4) Patent application serial numbers, or other basis on which the royalty is payable.

(5) Brief description (including any part or model numbers of each contract item or *component* on which the royalty is payable)

(6) Percentage or dollar rate of royalty per unit.

(7) Unit *price* of contract item.

(8) Number of units.

(9) Total dollar amount of royalties.

(10) If specifically requested by the *Contracting Officer*, a copy of the current license agreement and identification of applicable *claims* of specific patents (see FAR 27.202 and 31.205-37).

F. *Facilities Capital Cost of Money*. When you elect to *claim facilities capital cost of money* as an allowable cost, you *must* submit FormCASB-CMF and show the calculation of the proposed amount (see FAR 31.205-10).

III. Formats for Submission of *Line Item* Summaries

A. *New Contracts (including letter contracts)*.

Cost Elements	Proposed Contract Estimate-Total Cost	Proposed Contract Estimate-Unit Cost	Reference
(1)	(2)	(3)	(4)

Column	Instruction
(1)	Enter appropriate cost elements.
(2)	Enter those necessary and reasonable costs that, in your judgment, will properly be incurred in efficient contract performance. When any of the costs in this column have already been incurred (*e.g.*, under a letter contract), describe them on an attached supporting page. When preproduction or startup costs are significant, or when specifically requested to do so by the *Contracting Officer*, provide a full identification and explanation of them.
(3)	Optional, unless required by the *Contracting Officer*.
(4)	Identify the attachment in which the information supporting the specific cost element *may* be found. (Attach separate pages as necessary.)

B. *Change Orders, Modifications, and Claims.*

Cost Elements	Estimated Cost of All Work Deleted	Cost of Deleted Work Already Performed	Net Cost To Be Deleted	Cost of Work Added	Net Cost of Change	Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Column	Instruction
(1)	Enter appropriate cost elements.
(2)	Include the current estimates of what the cost would have been to complete the deleted work not yet performed (not the original proposal estimates), and the cost of deleted work already performed.
(3)	Include the incurred cost of deleted work already performed, using actuals incurred if possible, or, if actuals are not available, estimates from your accounting records. Attach a detailed inventory of work, materials, parts, *components*, and hardware already purchased, manufactured, or performed and deleted by the change, indicating the cost and proposed disposition of each *line item*. Also, if you desire to retain these items or any portion of them, indicate the amount offered for them.
(4)	Enter the net cost to be deleted, which is the estimated cost of all deleted work less the cost of deleted work already performed. Column(2) minus Column(3) equals Column(4).
(5)	Enter your estimate for cost of work added by the change. When nonrecurring costs are significant, or when specifically requested to do so by the *Contracting Officer*, provide a full identification and explanation of them. When any of the costs in this column have already been incurred, describe them on an attached supporting schedule.
(6)	Enter the net cost of change, which is the cost of work added, less the net cost to be deleted. Column(5) minus Column(4) equals Column(6). When this result is negative, place the amount in parentheses.
(7)	Identify the attachment in which the information supporting the specific cost element *may* be found.
	(Attach separate pages as necessary.)

C. *Price Revision/Redetermination.*

Cutoff Date		Number of Units Completed	Number of Units To Be Completed	Contract Amount	Redetermination Proposal Amount		Difference
(1)		(2)	(3)	(4)	(5)		(6)
Cost Elements	Incurred Cost-Preproduction	Incurred Cost-Completed Units	Incurred Cost-Work in Progress	Total Incurred Cost	Estimated Cost to Complete	Estimated Total Cost	Reference
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

(Use as applicable)

Column	Instruction
(1)	Enter the cutoff date required by the contract, if applicable.

(2)	Enter the number of units completed during the period for which experienced costs of production are being submitted.
(3)	Enter the number of units remaining to be completed under the contract.
(4)	Enter the cumulative contract amount.
(5)	Enter your redetermination proposal amount.
(6)	Enter the difference between the contract amount and the redetermination proposal amount. When this result is negative, place the amount in parentheses. Column (4) minus Column (5) equals Column (6).
(7)	Enter appropriate cost elements. When residual inventory exists, the final costs established under fixed-*price*-incentive and fixed-*price*-redeterminable arrangements *should* be net of the fair market value of such inventory. In support of *subcontract* costs, submit a listing of all *subcontracts* subject to repricing action, annotated as to their status.
(8)	Enter all costs incurred under the contract before starting production and other nonrecurring costs (usually referred to as startup costs) from your books and records as of the cutoff date. These include such costs as preproduction engineering, special plant rearrangement, training program, and any identifiable nonrecurring costs such as initial rework, spoilage, pilot runs, etc. In the event the amounts are not segregated in or otherwise available from your records, enter in this column your best estimates. Explain the basis for each estimate and how the costs are charged on your accounting records (*e.g.,* included in production costs as direct engineering labor, charged to manufacturing overhead). Also show how the costs would be allocated to the units at their various stages of contract completion.
(9)	Enter in Column (9) the production costs from your books and records (exclusive of preproduction costs reported in Column (8)) of the units completed as of the cutoff date.
(10)	Enter in Column (10) the costs of work in process as determined from your records or inventories at the cutoff date. When the amounts for work in process are not available in your records but reliable estimates for them can be made, enter the estimated amounts in Column (10) and enter in column (9) the differences between the total incurred costs (exclusive of preproduction costs) as of the cutoff date and these estimates. Explain the basis for the estimates, including identification of any provision for experienced or anticipated allowances, such as shrinkage, rework, design changes, etc. Furnish experienced unit or lot costs (or labor hours) from inception of contract to the cutoff date, improvement curves, and any other available production cost history pertaining to the item(s) to which your proposal relates.
(11)	Enter total incurred costs (Total of Columns (8), (9), and (10)).
(12)	Enter those necessary and reasonable costs that in your judgment will properly be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which your proposal relates.
(13)	Enter total estimated cost (Total of Columns (11) and (12)).
(14)	Identify the attachment in which the information supporting the specific cost element *may* be found. (Attach separate pages as necessary.)

Parent topic: Subpart 15.4 - Contract Pricing