

Contract Formation

Activity 26: Audits to Support Proposal Analysis

Procedures for requesting field pricing assistance when information at the buying activity is inadequate to determine a fair and reasonable price.

Related Flow Charts: [Flow Chart 26](#)

Tasks	FAR Reference(s)	Additional Information
1. Directly request an audit from a cognizant audit office.	FAR 15.404-2(c)(1) Audit assistance for prime contracts or subcontracts [data to support proposal analysis].	<p>Request field pricing assistance when the information available at the buying activity is inadequate to determine a fair and reasonable price. Such requests should be tailored to reflect the minimum essential supplementary information needed to conduct a technical or cost or pricing analysis.</p> <p>Filed pricing assistance generally is directed at obtaining technical, audit, and special reports associated with the cost elements of a proposal, including subcontracts. Information on related pricing practices and history may also be obtained. Field pricing assistance may also include information relative to the business, technical, production, or other capabilities and practices of an offeror.</p> <p>Tailor the type of information and level of detail requested in accordance with the specialized resources available at the buying activity and the magnitude and complexity of the required analysis. Field pricing assistance is generally available to provide:</p> <ul style="list-style-type: none">• Technical, audit and special reports associated with the cost elements of a proposal, including subcontracts;• Information on related pricing practices and history;• Information to help contracting officers determine commerciality and a fair and reasonable price, including:<ul style="list-style-type: none">○ Verifying sales history to source documents;

Tasks	FAR Reference(s)	Additional Information
		<ul style="list-style-type: none"> ○ Identifying special terms and conditions; ○ Identifying customarily granted or offered discounts for the item; ○ Verifying the item to an existing catalog or price list; ○ Verifying historical data for an item previously not determined commercial that the offeror is now trying to qualify as a commercial item; and ○ Identifying general market conditions affecting determinations of commerciality and a fair and reasonable price. <ul style="list-style-type: none"> ● Information relative to the business, technical, production, or other capabilities and practices of an offeror.
<p>2. Determine if the preaward audit of indirect costs are adequate.</p>	<p>FAR 15.404-2(c)(2) Audit assistance for prime contracts or subcontracts [data to support proposal analysis].</p>	<p>Do not request a separate preaward audit of indirect costs unless the information is already available from an existing audit, completed within the preceding 12 months, and is considered inadequate for determining the reasonableness of the proposed indirect costs.</p>
<p>3. Assist auditors in obtaining access to the necessary data.</p>	<p>FAR 15.404-2(c)(1) Audit assistance for prime contracts or subcontracts [data to support proposal analysis]. FAR 15.404-2(d) Deficient proposals [data to support proposal analysis].</p>	<p>The auditor is responsible for the scope and depth of the audit. General access to the offeror's books and financial records is limited to the auditor. The contracting officer should provide copies of updated information that will significantly affect the audit to the auditor.</p>

Tasks	FAR Reference(s)	Additional Information
<p>4. Review the field pricing and/or audit report for information and support.</p>	<p>FAR 15.404-2(b) Reporting field pricing information [data to support proposal analysis].</p>	<p>Depending on the extent and complexity of the field pricing review, results, including supporting rationale, may be reported directly to the contracting officer orally, in writing, or by any other method acceptable to the contracting officer.</p> <p>Review the information received to:</p> <ul style="list-style-type: none"> • Extract relevant facts; • Identify missing or insufficiently documented findings of fact; • Identify any fallacies (quantitative or logical) in the auditor's report; and • Identify inconsistencies between audit findings and other available data (e.g., from proposal or market research). • When appropriate develop follow-up questions for the auditor.
<p>5. Take appropriate action to obtain the required data after being notified by the auditor that the data is deficient.</p>	<p>FAR 15.404-2(d) Deficient proposals [data to support proposal analysis].</p>	<p>Take immediate action to obtain access to necessary data after being notified by the auditor that the data provided for review is so deficient as to preclude review or audit.</p> <p>If the offeror/contractor continues to refuse to provide adequate data or provide access to necessary data withhold the award or price adjustment and refer the contract action to a higher authority.</p>
<p>6. Include audit and field pricing information in the official contract file.</p>	<p>FAR 4.803(a)(20) Contents of contract files.</p> <p>FAR 15.404-2(b)(2) Reporting field pricing information [data to support proposal analysis].</p>	<p>Audit and field pricing information, whether written or reported telephonically or electronically, must be made a part of the official contract file.</p>