

*Inadequate price analysis is the #1 finding* in the DCMA’s purchasing system reviews (CPSRs) and proposal reviews & audits conducted by the DCMA, DCAA, and Contracting Officers. In the best case scenario, this finding means burning hours responding to requests. At the other end of the spectrum are business system holdbacks and decrements to proposed material costs.

SpendLogic is the only tool in the marketplace that solves this problem. SpendLogic provides contractors with a fast, clear, and accepted path to remediation. There’s no more straightforward way of responding to a government customer and showing that your company is committed to systemic change.

Below, you’ll find a collection of common findings that have been presented in DCMA Contractor Purchasing System Reviews, Proposal Reviews, and Negotiations conducted by the DCMA, DCAA, and Contracting Officers. We’ve matched each of the findings with sample response verbiage you can use in your formal response.

We want to show you how SpendLogic solves these and other compliance issues. We will standardize, organize, and streamline documentation across your entire organization. Reach out to us today at [info@spendlogic.com](mailto:info@spendlogic.com).

## Common Findings

## Sample Responses

<p><b>Contractor does not perform and document effective price or cost analysis for purchase transactions, modifications, and change orders utilizing the guidelines in FAR § 15.404-1. (DFARS § 252.244-7001(c)(10))</b></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. SpendLogic will enable &lt;COMPANY NAME&gt; to meet the requirements of DFARS 252.244-7001(c)(10) by setting forth consistent systematic guidance on price analysis techniques that are consistent with the FAR, DFARS, and company policy and procedure. The analysis conducted by SpendLogic was created with CPSR adequacy and compliance in mind. Specific features include:</p> <ul style="list-style-type: none"> <li>- Standardized systematic approach to price analysis across the organization, including both methodologies and report deliverables.</li> <li>- Automated (and required) calculations of price corrections related to item similarity, market conditions, economic conditions, quantities, or terms and conditions.</li> <li>- Required attachment of relevant documentation that is typically requested in audits or reviews.</li> <li>- Determination of basis price validity for every analysis conducted based on price history</li> <li>- Clear delineation between commercial item determinations and price reasonableness</li> <li>- Systematized and objective best value competition calculations that minimize the effect of subjective award criteria.</li> </ul>
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<p><b>Contractor does not obtain adequate certified cost or pricing data for their subcontracts subject to TINA/Truthful Cost or Pricing Data.</b> <i>Source: FAR §§ 52.215-12 and -13</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. As part of this new systematic approach to price analysis, SpendLogic ensures that all purchasing agents will be notified when certified cost or pricing data is required. SpendLogic requires that purchasing agents either conduct a cost analysis or provide documentation of one of the exceptions found in FAR 15.4. This is in line with company policies and procedures as well as the FAR and DFARS. This systematic improvement significantly reduces the likelihood of a purchasing agent conducting a price analysis when a cost analysis is required.</p>
<p><b>Not all noncompetitive awards include some type of price analysis.</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. As part of this new systematic approach to price analysis, SpendLogic ensures that all purchasing agents will be notified when certified cost or pricing data is required. SpendLogic requires that purchasing agents either conduct a cost analysis or provide documentation of one of the exceptions found in FAR 15.4. This is in line with company policies and procedures as well as the FAR and DFARS. This systematic improvement significantly reduces the likelihood of a purchasing agent conducting a price analysis when a cost analysis is required.</p>
<p><b>Price analysis is not consistent with the price analysis techniques discussed in FAR 15.404-1(b)(2).</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. While SpendLogic and company policy allow for analysis methodologies not mentioned in the FAR, SpendLogic simplifies the completion of analysis reports using methodologies outlined in FAR 15.404:</p> <ul style="list-style-type: none"> <li>- Competition (Lowest Price Technically Acceptable) FAR 15.404-1(b)(2)(i)</li> <li>- Competition (Best Value) FAR 15.404-1(b)(2)(i)</li> <li>- Comparison of historical prices paid FAR 15.404-1(b)(2)(ii)</li> <li>- Parametric estimates FAR 15.404-1(b)(2)(iii)</li> <li>- Comparison with published price lists FAR 15.404-1(b)(2)(iv)</li> <li>- Market research FAR 15.404-1(b)(2)(vi)</li> </ul>

<p><b>For price analysis based on a comparison to historical pricing, the historical price was not properly established as a valid basis for comparison.</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. As part of SpendLogic’s approach to FAR-compliant price analysis, it is required that all historical price analysis reports are based on prior purchases which were the result of either competition or cost analysis. If this is not the case, purchasing agents must analyze proposed pricing using another method listed in the FAR. In SpendLogic, and consistent with company policy and the FAR, these include:</p> <ul style="list-style-type: none"> <li>- Competition (Lowest Price Technically Acceptable) FAR 15.404-1(b)(2)(i)</li> <li>- Competition (Best Value) FAR 15.404-1(b)(2)(i)</li> <li>- Comparison of historical prices paid FAR 15.404-1(b)(2)(ii)</li> <li>- Parametric estimates FAR 15.404-1(b)(2)(iii)</li> <li>- Comparison with published price lists FAR 15.404-1(b)(2)(iv)</li> <li>- Market research FAR 15.404-1(b)(2)(vi)</li> </ul>
<p><b>For comparisons of proposed prices obtained through market research for similar items, inadequate determinations were made regarding the accuracy of a “similar item”.</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. As part of SpendLogic’s approach to FAR-compliant price analysis, it is required that any “similar-to” price analysis report includes the following information:</p> <ul style="list-style-type: none"> <li>- Description of similarities</li> <li>- Description of differences             <ul style="list-style-type: none"> <li>o Dollarization of each individual difference</li> <li>o Explanation of all calculations used for dollarization of each individual difference</li> <li>o Supporting documentation from a technical evaluator (may be optional based on company policy &amp; procedure) In addition, any report which requires “significant” price modification due to differences (defined as &gt;20% different by value) requires additional explanation on the part of the purchasing agent.</li> </ul> </li> </ul>

<p><b>GSA schedules were used as the sole basis for comparison. GSA schedules are not to be used as a basis for comparison when conducting market research.</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. The reason that GSA schedules are often used for price analysis lies in the difficulty of finding comparable items or services elsewhere in the marketplace. SpendLogic simplifies this task in multiple ways:</p> <ul style="list-style-type: none"> <li>- GSA is most often used for conducting analysis of labor rates in support of service contracts. SpendLogic utilizes Bureau of Labor Statistics, IRS, and US Census data to build bottoms-up analysis positions for labor rates, bypassing GSA entirely. Since SpendLogic localizes all rates based on Metropolitan Service Area and modifies direct rates based on education and experience, it is considered to be reliable and non-biased.</li> <li>- For items, SpendLogic displays a risk flag anytime an analysis is written using a single point of comparison.</li> <li>-</li> </ul>
<p><b>The complexity and circumstances of each acquisition did not adequately warrant the level of price analysis detail required. For high value procurements inadequate price analysis was conducted.</b> <i>Source: DCMA CPSR Guidebook; May 29, 2018</i></p>	<p>&lt;COMPANY NAME&gt; has elected to implement SpendLogic, an off-the-shelf electronic tool that systematizes price analysis completion and documentation. SpendLogic, in accordance with company policy and procedure, provides a stronger link between analysis rigor and procurement value as follows:</p> <ul style="list-style-type: none"> <li>- For high value procurements, purchasing agents are required to process price analysis reports using SpendLogic’s internal methodologies and automated calculations. Each method in SpendLogic meets adequacy requirements set forth by the FAR.</li> <li>- For relatively low-value procurements (defined as &lt;=\$ ___) purchasing agents may either utilize SpendLogic’s methodologies or choose to conduct a price analysis outside of SpendLogic and upload it to the system. Given their low value, the cost of additional price analysis effort outweighs the potential benefit which may result from increased rigor.</li> <li>- For very low-value procurements (defined as &lt;=\$___) purchasing agents may use their own judgement as to whether an analysis is uploaded to SpendLogic or not. Given their low value, the cost of additional price analysis effort outweighs the potential benefit which may result from increased rigor.</li> </ul>