



United States
General Accounting Office
Washington, D.C. 20548

Office of the General Counsel

B-241440

September 24, 1991

Ms. Beverly Fayson
FAR Secretariat
General Services Administration

Dear Ms. Fayson:

This responds to your request for our comments on a proposal to revise Federal Acquisition Regulation (FAR) section 8.404, various sections in FAR subpart 15.8, and four FAR clauses, concerning the submission of cost or pricing data. This is FAR case No. 90-17.

The changes are intended to reduce the burden on both contracting officers and contractors in complying with provisions of the Truth in Negotiations Act. In general, we believe the changes proposed would accomplish this objective and would be consistent with the cost or pricing data requirements contained in section 824 of Public Law 101-189. The changes also respond to the recommendation concerning cost or pricing data contained in our report, PROCUREMENT: DOD Efforts Relating to Nondevelopmental Items, GAO/NSIAD-89-51 (Feb. 1989). We suggest two changes, however, in the proposed regulations.

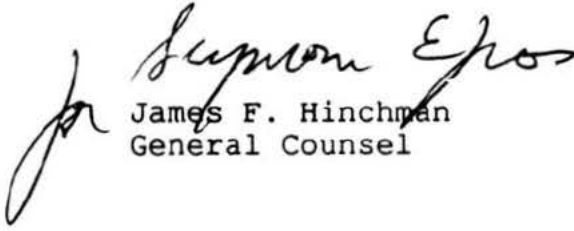
FAR section 15.803(c) currently provides that although price negotiation advice given to a contracting officer by government specialists is merely advisory, "the contracting officer should include comments in the price negotiation memorandum when significant audit or other specialist recommendations are not adopted." Under the proposed revision, the quoted language would be deleted. We believe that eliminating the documentation requirement would make it more difficult to track the resolution of significant recommendations. We suggest, therefore, that the quoted language be retained.

Proposed FAR section 15.804-3(e) (3) (i) would provide for an exemption from the requirement to submit cost or pricing data if the government had acted favorably on an exemption claim for the same or similar item within the past 3 years. The offeror would be required to advise the contracting officer, however, that there had been no significant change in the catalog price or discounts. A change would be considered significant if the offered price changed by the greater of \$50,000 or 15 percent. We believe this benchmark is not

adequate to protect the government's interests. For example, an increase of \$40,000 in the price of an item previously priced at \$100,000 would not be considered significant under the proposed standard. We suggest deleting the dollar amount and defining as significant any change in price of 15 percent or more.

We have no other comments on the proposed changes.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James F. Hinchman". The signature is written in dark ink and is positioned to the left of the typed name.

James F. Hinchman
General Counsel