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Price Reasonableness Determinations on DON Commercial Item Purchases

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Research Program

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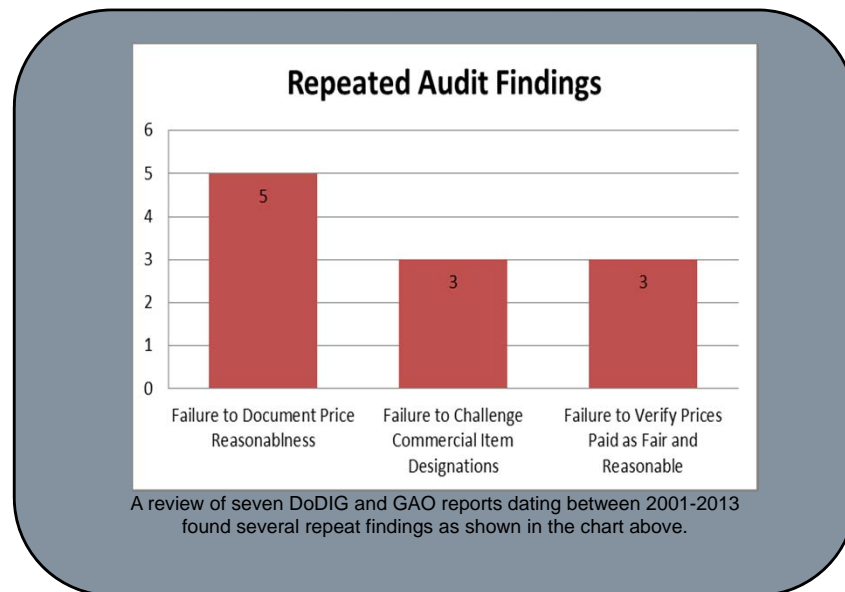


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The purpose of this research is to explore what price analysis techniques are being utilized and documented in the contracting file, and then to explore potential improvements within the Department of Navy contracts.



Findings

- The use of pricing memorandums for commercial items within this agency is common.
- When competition by itself does not establish price reasonableness, the most utilized techniques for determining price reasonableness for commercial items were comparison through market research, comparison to previous pricing, and comparison to IGCEs.
- The use of indexing, regression, and parametric analysis is uncommon for commercial item purchases.
- Consistent with DoDIG report findings, this contracting agency is concerned with high workloads and shortages of personnel.

A sample of 30 commercial item contracts were reviewed from one Navy contracting office. A voluntary personnel survey was completed with contracting professionals within the same office.